

# HOPEWELL VIRGINIA

2014-



2015

## FINANCIAL PLAN

*Providing a VISION for  
Making the community a desired location*

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# TABLE OF CONTENTS

Section	Page	Section	Page
Introduction.....	5		
City Council Vision Statement .....	5		
City History.....	7	Econ Develop Office.....	15-17
City Manager Budget Message .....	9	Inter-Government & Public Affairs .....	18
Budgetary and Fiscal Policies & Procedures .....	16	Clerk of Circuit Court .....	19
Long-Term Debt .....	23	Commonwealth Attorney .....	21
<b><u>Budget Approach</u></b>		Commissioner of Revenue .....	24
Summary of Revenues .....	31	Sheriff .....	26-29
Summary of Expenditures.....	33	City Treasurer .....	30
Over View .....	35	Electoral Board/Registrar.....	32
General Fund Summary .....	39	Circuit Court .....	34
Authorized Positions.....	43	General District Court.....	35
Statistical Data .....	44	Court Services .....	37
Glossary .....	52	VJCCCA Grant .....	38
Budget Resolution.....	56	Crater Detention Commission.....	39
<b><u>GEMS Department/Division Line Item Budgets</u></b>		Riverside Regional Jail .....	40
Cemetery Perpetual Care Fund-003 .....	2	Human Resources .....	41-42
General Fund-011		Finance .....	45-47
Revenues by Source .....	3-9	Development .....	48-54
City Council.....	10	Police.....	54-68
City Clerk.....	11	Victim-Witness Grant .....	67
City Attorney .....	12	Fire .....	69-74
		Public Works .....	75-87
City Manager .....	14	Health Department .....	88

Outside Agencies .....	88
Non-Departmental.....	90-102
Transfers/Contingencies .....	102
Social Services Fund-012 .....	104
Community Services Act Fund-015.....	106
Solid Waste Fund-030.....	108-112
Sewer Services Fund-031-043 .....	113-127
HRWTF Fund-032 .....	128-146
Recreation & Parks Fund-038.....	147-166
Marina Fund-038 .....	167-169
Anti-Litter Fund-053.....	172
Capital Projects Fund-071.....	173-177
Economic Development Fund-075 .....	178
Self-Insurance Fund-076.....	179

### **Introducing the new financial system “MUNIS”**

Note: Three year of history was converted from the old system to the new system.

### **Revenues Budget Report by Fund by Line Item**

-FY 2012, FY 2013, FY 2014 Actuals  
 -FY 2015 Y-T-D Actuals  
 -FY 2015 Revised Budget  
 -FY 2015 Original Budget

### **Expenditures Budget by Fund by Department by Division by Line Item**

-FY 2012, FY 2013, FY 2014 Actuals  
 -FY 2015 Y-T-D Actuals  
 -FY 2015 Revised Budget  
 -FY 2015 Original Budget



# INTRODUCTION

## *City Council*



*Mayor*



*Vice Mayor*



*Ward 1*



*Ward 2*



*Ward 5*



*Ward 6*



*Ward 7*

## *Vision Statement*

The City of Hopewell is a dynamic community with a rich history that strives for a high quality of life where neighbors, generations, and cultures connect. We support environmental stewardship and promote a robust and diverse economy. Our community is safe and affordable; a place our children and their children will be proud to call home.

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# HISTORY

City Point, the oldest part of Hopewell, was founded in 1613 by Sir Thomas Dale. City Point's location on a bluff overlooking the James and Appomattox Rivers has been an important factor in Hopewell's history for almost four centuries.

The tiny colonial village of City Point saw the Revolutionary War fought on its banks. Later, in 1864-1865, General Ulysses S. Grant directed the 10-month Siege of Petersburg from the grounds of Appomattox Manor. This plantation home is now part of the City Point Unit of Petersburg National Battlefield.

Hopewell was developed by the DuPont Company of Wilmington, Delaware in 1914. This company first built a dynamite factory and then switched to the manufacture of guncotton during World War I.

Although DuPont left Hopewell after the war, many manufacturing giants have since located in the city. These companies have included: Allied Signal, Firestone, Goldschmidt, Hercules/Aqualon, Honeywell and Smurfit-Stone.

Products as diverse as the first automatic dishwasher, the first Kraft paper and cardboard boxes, china and artificial silk have been manufactured in Hopewell.

Since its founding, Hopewell, named after an English ship, has continued its British ties by twinning with the City of Ashford, Kent, England. Hopewell occupies 11 square miles and is bounded by the Appomattox and James Rivers on three sides. The city is 30 minutes from downtown Richmond and 56 miles from Williamsburg.

Hopewell has received the Governor's Clean City Award and is noted for its landscaping and beautification.

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*From the Office of*  
*Mark A. Haley, City Manager*

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July 1, 2014

The Honorable Mayor Michael Bujakowski  
and Council Members  
Hopewell City Council  
300 North Main Street  
Hopewell, Virginia 23860

Dear Mayor Bujakowski and Council Members:

**I. INTRODUCTION:**

Enclosed is the proposed FY 2014-2015 Financial Plan. In legal terms, this document fulfills the statutory requirements and my administrative responsibilities under Chapter V, Section 4 (c) of the Code of the City of Hopewell.

The FY 2014-2015 Financial Plan consists of the General Fund, School Funds, Social Services Fund, Parks and Recreation Fund, Marina Fund, Comprehensive Services Act Fund, Community Development Block Grant Fund; and enterprise funds including Solid Waste, Sewer Services, and Hopewell Regional Wastewater Treatment Facility. The FY 2014-2015 Financial Plan totals \$118,454,900.

The General Fund is the main operating fund of the City and includes most traditional local government programs such as Public Safety and Public Works. The FY 2014-2015 General Fund budget is \$46,057,000.

This Financial Plan addresses several priorities:

1. Community Projects.
2. Investment in our Employees.
3. Public Safety. Infrastructure needs.
4. Improvements to Community appearance.
5. Economic Development.

**II. COMMUNITY INVESTMENT**

Recent years have resulted in significant city investments in the community.

Council has focused on downtown by allocating funds to the Hopewell Downtown Partnership and for restoration of the Beacon Theatre. When these projects are combined with planning studies, the downtown streetscape, and the new Library and Human Services Buildings; the city has invested over \$ 15,000,000 in downtown since 2000. Restoration of the Beacon Theatre was completed in February, 2014 and a very successful grand opening weekend of concerts was held. The Beacon LLC (Board) along with Mr. Scott Firestone of the ARLS engaged the services of a daily operational contractor, the Wells Management Group, to oversee the day to day functions

of the theatre and do the booking of concerts, shows and special events. The WMG is responsible for development of a business and financial plan for the theatre including the event space.

The \$1.5M Hopewell Marina improvement/upgrade project was also complete in spring 2014 and an operation contract was awarded to Fish Tales II. Family activities, holiday boat parade, and fishing tournaments are just part of the plans going forward.

Street projects have been a council focus for several years. Council has allocated over \$2,000,000 for street resurfacing. Public Works and Engineering have been very successful obtaining matching funds from VDOT and using CDBG Funds to reduce local costs.

### **Street and Storm Drainage**

Other street-related projects that have been approved and funded include:

<u>Road Name</u>	<u>Estimated Completion</u>
1) North 14 <sup>th</sup> Street	Fall 2014
2) Ramsey Avenue	Fall 2014
3) Freeman Street	Completed Winter 2014 Prior to July 1, 2014
4) Davis Lane	Fall p 2014
5) Carolina Avenue	Phase Completed Spring 2014 Prior to 07/01/14
6) North Avenue	Fall 2015
7) Maple Avenue	Reprogrammed to the Summer 2016

In addition, the following projects have been submitted for VDOT funding:

- Cattail Creek Drainage Channel – full funding
- East Broadway Bridge – partial funding for total bridge replacement
- South Sixth Street Bridge – partial funding

The City of Hopewell is required to participate in Federal and Commonwealth of Virginia (DEQ) mandated stormwater best managements practice programs (BMPs). Municipalities are required to reduce water pollution by aiding in proper management of stormwater systems and soil erosion control, and provide an effective effort to reduce water pollution. Because the Commonwealth and federal governments provide little to no funding to offset implementation costs, the City of Hopewell will evaluate implementation of a stormwater utility fee. Such a fee would cover the further economic burden of providing proactive stormwater maintenance, drainage improvements, and would help future application of standards set forth by BMPs. Additionally, all gathered fees would be used to adhere to the requirements set forth by § 10.1-603.3 Virginia Stormwater Management Program (VSMP) Code and City of Hopewell's Municipal Separate Storm Sewer System (MS4).

### **Storm Drainage Utility**

Development of a storm drainage utility proposal and fee structure to finance these needed storm drainage improvements will be a priority for Public Works. The new fee structure will allow a partial discount for any resident who participates in implementation of residential BMPs (best management practices) such as rain gardens and/or rain barrels to reduce their property's impact on stormwater generation.

### **City Recycling**

The City initiated a new refuse collection contract this year at a saving to citizens that provided funding for curbside recycling which began in July 2014. This has proven to be a very popular ‘green’ service to our citizens.

### **Bus Service**

Council will need to address a fully funded bus service provided by the City of Petersburg this year. This was previously funded by a grant until fall 2014. The budget request for FY 2015 is \$185,000. The annual fee thereafter will then be funded by the City at of cost of \$ 216,000/year.

### **HRWTF Phase II**

Preparations continue for the Phase II Nitrogen Removal Project. With a Water Quality Improvement Grant secured of \$55M and an additional \$5M from the General Assembly through the budgetary process the industries and the City have now negotiated an allocation formula for each User of the facility and thus fully cover the \$75M project. Construction has begun and will be on-going until late 2017

#### **Phase 2 Project Implementation and Regulatory Timeline**

New City Sewer Rate Approved	Spring 2013
Apply for State Funding	July 2013
Pilot Testing	2013
Plant Design	2014
Plant Construction	Winter 2015 – spring 2018
New Permit Issued	2018

### **City and School Employees**

The current budget highlighted a significant investment in our human infrastructure – our city and school employees. Funds were included to address the state mandate that employees contribute to the Virginia Retirement System last year. This mandate was the result of the state’s failure to fund employee retirement for state employees. Virginia localities have always met their obligation to fund employee retirements.

Because the state failed to meet its obligations, local government employees must pay the 5% into the VRS. The City and School System made this switch last July to avoid future obligation and to avoid having employees working under several different sets of retirement regulation.

### **Employee Health Insurance**

The City’s strategy regarding health care is to successfully engage employees in healthier lifestyles. This Wellness Committee promotes wellness activities that improve employee health and wellbeing while lowering healthcare cost and utilization. Currently, the City offers three health care plans: 1) Low Option, 2) High Option and 3) HSA/HDHP. However, the City’s encourages employees to participate in the HSA/HDHP. The HSA/HDHP is a deductible-base health care plan that encourages members to become more involved in their own health care decisions by giving them more control over how and when they spend their health care dollars. The HSA/HDHP enables employees to be become better consumers in the health care arena.

## **Career Development**

The Human Resources Department will continue to focus on career development opportunities and succession planning for employees. Career development plan is now fully implemented in Fire and Police and the HRWTF plan is under development.

## **I-295**

This proposal continues the transfer of net proceeds from the I-295 project to the Capital Fund. This is estimated to be \$800,000 this year. The state will continue taking all local fines and are rebating a portion to the locality.

### **IV. FISCAL GOALS:**

The FY 2014-2015 Financial Plan represents significant investment in services and infrastructure. There are changes from the current program of services. The City must maintain its undesignated General Fund balance at a minimum of 10% of its operating budget and resist any efforts to spend the fund balance below 10%. The goal established by the Finance Director in consultation with our Financial Advisors at Davenport is to maintain Fund Balance in the 11 to 16% range.

This will be particularly important in future years as additional responsibilities for state services fall on Virginia's local governments. Adherence to these goals is important to maintain the City's bond rating from the bond rating agencies.

The budget includes use of fund balance in the amount of \$779,000 for FY 2015.

### **V. REVENUE FACTORS:**

#### **Ad Valorem Taxes**

The FY 2014-2015 Financial Plan proposes tax rates for:

- real property in tax year 2014 at \$1.02 per \$100 of assessed value plus \$0.09 per \$100 of assessed value for new debt service at Hopewell High School.
- personal property tax rate at \$3.50 per \$100.00 of assessed value.
- machinery and tools tax rate at \$3.05 per \$100 of assessed value.

The General Fund Budget is built on a tax rate of \$1.02 per \$100. The \$0.09 tax rate addition is needed to support debt service for the high school renovation project. This is the third of three increases for the high school debt. The budgeted revenue estimate from real property valuations is based on a 100% collection ratio.

### **VI. INTERGOVERNMENTAL REVENUES**

- The CDBG funds are not included in the budget appropriation and will be allocated after the committee makes a recommendation.

### **VII. CAPITAL PROJECTS**

The Capital Projects Fund for FY 2014-2015 totals \$5,000,000, which includes debt service of \$3,777,500. The Capital Projects Fund has a non-recurring fund balance of approximately \$12,995,987 uncommitted as of June 30, 2014. The City Administration recommends the following capital projects:

Police - \$ 199,000

Police cars with equipment  
Printer

Sheriff - \$30,000

Sheriff car with equipment for regular activities.

Public Works - \$532,000

Street Paving Funding  
Dump Truck  
Pickup Truck (Asphalt)  
Pickup Truck (Traffic)  
Stake Body Truck  
Street Lighting

Beacon Theatre

No additional funds are proposed for capital projects as use of historic tax credits will be available.

Recreation - \$200,000

Heating Coil  
Community Center Roof  
Playground/Park Renovation Replace Exercise Equipment Shelter Roofs to Metal  
Replace 2 Vans 20% Match  
Replace Lifeguard Stand  
Update Marquee sign  
Annual replacement of table and Chairs

Fire and Rescue - \$32,000

Heavy Truck to tow Rescue/EOC Trailer

Information Technology - \$50,000

Continues our existing replacement program

Planning- \$100,000

Demolition  
Chapter 18 Violations  
GIS Printer/Plotter

Downtown Investment - \$70,000

Third year funding for the downtown partnership  
Demolition of the old library building for downtown parking

Treasurer  
Printer \$9,500

We are not able to meet all the equipment requests from the Capital Projects Fund, but are able to cover the majority.

## **VIII. ENTERPRISE FUNDS**

- The FY 2014-2015 Financial Plan proposes to continue the Enterprise Fund transfer policy to allow the application of an administrative cost allocation formula. The allocation formula captures administrative costs and charges this cost against the fund. A transfer of \$502,000 from the Solid Waste Fund surplus balance and a transfer of \$382,500 from the Sewer Services Fund to the General Fund are recommended.
- The FY 2014-2015 Financial Plan proposes a Sewer System Fund budget of \$6,297,000.
- One of the large issues facing local governments is storm drainage. The Storm Water Management Engineer is on board and is working on a storm water permit from the state Department of Conservation and Recreation and planning storm drainage improvements. He will be working with the new Public Works Director on our proposal for our storm drainage utility.
- The FY 2014-2015 Financial Plan proposes a HRWTF Fund budget of \$17,707,000. Approximately 16% of this budget is paid by the City and the balance is paid by the industrial customers of the treatment plant. The City also has outside customers such as Prince George County, Fort Lee and the Federal Correctional Complex that also contribute funding for sewer services that reduce the City's overall share. This budget includes the debt service for revenue bonds issued for capital projects at the plant.
- The FY 2014-2015 Financial Plan proposes no increase to the Solid Waste Fee.

## **IX. OTHER HIGHLIGHTS**

### **A. School Funding**

The School Board proposed FY 2014-2015 budget was presented to council by school superintendent on March 18<sup>th</sup>. The recommended local funding for schools is \$13,100,000 for operations plus funds for debt service on renovations at Hopewell High School and other school construction projects. This current year is the third of three tax rate increases for this debt service.

### **B. Priorities and Revenues**

The priority capital project for this coming year is new public safety building(s). Staff will be working to hire an architectural firm for design services over the next several months. We will also be working on the City-wide emergency communications system. We anticipate expenditures for the public safety building to begin in 2015-2016 and expenditures for the communications system to begin in 2015-2016.

Other priorities for the year will include:

- Expanded staff development opportunities through the Human Resources Department
- Storm drainage utility

- Focus on community appearance and code enforcement

C. City and City Schools

The City School Board and City Council have talked about the feasibility of a consolidated health care plan. Other areas of potential consolidation that should be considered include:

Building maintenance  
Risk management  
Information services

Finance and accounting  
Human resources administration and training  
Energy management

City departments have been working diligently to reduce operating expenses and consolidate positions when practical.

D. Economic Development and Community Appearance

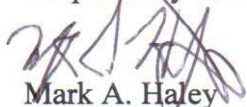
**X. NEXT STEPS:**

City Council will need to hold its public hearing on the proposed budget. It is requested that this hearing be scheduled for May 27, 2014.

The FY 2014-2015 Financial Plan proposes an allocation of scarce revenues in a manner that enables the City Council to move forward.

I want to express my sincere appreciation for the cooperation that I received from employees in every department. I want to thank the entire staff for their many hours of hard work and their contribution to the development of this document.

Respectfully submitted,



Mark A. Haley  
City Manager

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**BUDGETARY AND FISCAL  
POLICIES AND PROCEDURES**



## BUDGETARY AND FISCAL POLICIES AND PRACTICES

### I. BUDGET

#### A. Balanced budget

In accordance with state law, the city must adopt an annual budget. The City Manager is required by city code to prepare and submit an annual budget to City Council where estimated revenues plus fund balance, if used, equals estimated expenditures and be responsible for its administration after the budget is adopted.

#### B. Level of authority

The budget of the City of Hopewell shall be adopted by fund and department/function classification level.

#### C. Budget amendments and transfers

The City Manager is authorized to transfer amounts between line items within a department or fund with limitations adopted in the budget resolution.

Money transfers between funds first must be approved by the City Council prior to the transfer.

Excess funds from approved and completed capital projects budgets shall revert back to the Capital Projects Fund Balance for future consideration.

#### D. Budget Appropriations

Unspent budgeted appropriations elapse at year-end and excess funds reverts back to the fund balance. Only if City Council has authorized a department to reserve any unspent budgeted funds will such funds be set aside in the designated reserve account.

#### E. Basis of Budgeting

All funds operated by the city are budgeted on the basis of cash. No attempt is made to account for any accrual or modified accrual item during the budget process. This methodology differs from the modified accrual method used in the audit for the General Fund, Special Funds and Capital Project Funds types. The full accrual method is used for all three enterprise type funds.

#### F. Budget cycle

The budget cycle typically begins in November with budget input instructions released to departments and a deadline set to complete their budget request. Once departments have completed input for their request, the budget director begins review and determining major areas where the city manager will concentrate his effort. Major city departments are given a chance to meet with the city manager on their budget request and review it. Once city manager finishes his department reviews, the budget director begins making estimates on funding sources. After the state General Assembly has passed the state budget, and city manager gets final revenue estimates, the final budget recommendations are completed.

City Manager will deliver his budget recommendations to City Council at its regular second scheduled meeting in March of each year. City Council will set a public hearing on the proposed budget and direct that a synopsis of the budget be advertised. A public hearing is held on the budget so council may hear comments from the public. Before and after the public hearing, City Council will be conducting work sessions to review and understand what is in the budget and how it is proposed to be funded. Three or more work sessions by council will take place. Once council agrees on the budget numbers, usually at its first meeting in May, it will approve a budget resolution and set the tax rate.

City budget resolution becomes effective July 1, each year.

## II. FUNDS and ACCOUNTING

### A. Basis of Accounting

The accounts of the City of Hopewell are organized on the basis of funds and account groups. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The accounting records are maintained on the modified accrual basis of accounting for the General Fund, Special Revenue Funds (Social Services, Recreation, Marina and CDBG), and Capital Projects Fund and on the full accrual basis of accounting for its Enterprise Funds (Solid Waste, Sanitary Sewer and Regional Waste Water Treatment Plant).

### B. Appropriation

Legally the city must appropriate funds for these funds; General Fund, Social Services, Recreation Fund, Marina, CDBG, and Capital Projects Fund. City is not required to appropriate for its enterprise type funds, but it does adopt a budget for the enterprise funds: Solid Waste, Sanitary Sewer and Regional Waste Water Treatment Plant.

### C. Funds

**General Fund-** The General Fund is the general operating fund and is used to account for all financial resources except those required to be accounted for in another fund. This includes most traditional local government programs such as police, fire, public works, general administration and legislative functions.

**Social Services Fund (major) -** The Social Services Fund is used to account for all social and welfare services provided by the city and is reported as a major fund in the city's annual audit. Therefore, this fund is budgeted as a separate special revenue fund.

**Special Revenue Fund (minor) –** Special revenue funds are used to account for certain activities that City Council has established. These are the Recreation Fund, Marina Fund, and CDBG Fund. Each of these funds receives an appropriation by City Council.

**Component Unit-** Component unit reporting is assigned for two separate units of city government. Separate funds are maintained and City Council appropriates monies for each.

**School Funds-** City school funds are used to reflect revenues and expenditures for the operations of the city school system and are reported in separate funds: Operating Fund, Textbook Fund, Cafeteria Fund and Bus & Building Replacement Fund.

**Community Services Act (CSA) -** This fund accounts for the operations of educational and social services needs of children requiring special education, clinical and personal care services.

**Capital Projects Fund-** Capital Projects Fund is used to account for financial resources used for the acquisition, design, construction and debt service for major capital facilities (other than those financed by Proprietary Funds).

**Enterprise Fund-** Enterprise funds are used to account for operations that are financed and operated in a manner similar to the private business enterprises where the intent of the governing body is that the costs of providing services are financed or covered primarily through user charges.

**Solid Waste Fund:** Accounts for the operations and removal of solid wastes for the city.

**Sewer Services Fund:** Accounts for the operation and maintenance of the sanitary sewer system.

Wastewater Fund: Accounts for the operations, maintenance and treatment for the regional Wastewater treatment plant. This fund serves the major city industrial customers in addition to city residents for final wastewater treatment.

### III. REVENUES

City generated revenues are grouped and budgeted within the respective fund for which they have been designated.

#### A. Major Revenues by Funds

General Fund- Revenues for the General Fund consist of both real and property taxes, state shared revenues, and local option taxes (sales tax, utility tax, business license tax, vehicle registration, revenues from the use of property and monies (interest earnings and rental income) and other miscellaneous income. Federal revenues collected by the General Fund are only a small part of the budget.

Social Services Fund- Revenues collected for Social Services Fund consist of three sources: federal, state and local. Because funding is controlled by the federal and state governments, the local funding represents the “local” match requirement for the federal and state dollars. No revenue projections are done because all funding is determined at a higher control level.

Recreation Fund- Revenues for the Recreation Fund come from two sources; fees and charges for recreation activities and General Fund transfer. General Fund support represents over 80% of the budget, while fees and charges account for the remaining budget. Fees and charges are adjusted every two years so that: 1) recreation activities remain competitive and 2) inflation costs are incorporated into recreation charges.

Marina Fund- Revenues for the Marina Fund come from slip rentals and boat ramp fees. These fees are assessed based on charges for similar services at area water access facilities.

CDBG Fund- Revenues are federal entitlement program funds and estimate is used. Funds come directly from federal government appropriation.

Capital Projects Fund- Capital Projects Fund revenues come from: meals and lodging tax, interest income, and General Fund transfer. Meals and lodging tax revenues represent approximately 48% and General Fund transfer accounts for another 50%, leaving approximately 2% from interest income. Forecasting for the meals and lodging revenues is calculated using 5 years of actual collections and applying a growth percentage.

Enterprise Funds- Revenues for the Enterprise Funds are determined by two methods: for the solid waste and sanitary sewer, a rate study is done every two years to determine demand being placed on the system and based on a classification of users, setting a rate structure for each class of user; the Regional Treatment Plant revenues are based on forecasted loadings from the industrial customers who use the system. Any Regional Treatment Plant excess or deficit in revenue is adjusted once per year when the annual audit is completed and all costs have been determined.

#### B. Review of fee schedules

All fee schedules and enterprise/user charges are reviewed and adjusted periodically to ensure that rates are equitable and cover the total cost of service or that portion of the total cost deemed appropriate by the City Council.

#### C. Anticipated grants

Grant funds or similar contractual revenue of a temporary nature is budgeted only if they are contracted and approved by City Council at the time of the recommended budget. Otherwise, separate appropriations will be made during the year as such grants are awarded or contracts made.

The City of Hopewell shall seek its fair share of available State and Federal financial support unless conditions attached to that assistance are contrary to City Council policy.

Prior to applying for and accepting intergovernmental aid, the City Manager will examine the matching requirements so that the source and availability of such funds may be determined before grant application is made.

The City Manager shall seek City Council approval for any grant application requiring local matching funds. Grants requiring "no" local funds may be authorized by the City Manager.

D. Tax Rates

The City Manager shall recommend property tax rates necessary to support the level of city services to be delivered.

E. User fees

The City Manager shall make recommendations to City Council for consideration such user fees and other charges that may support services.

F. Reserve balance limit

The City Council, by ordinance, has established a General Fund **Assigned** Reserve Balance requirement equal to ten (10) percent of the General Fund Budget for each budget cycle.

IV. EXPENDITURES

Performance Measurers

The City administration attempts to minimize the financial burden on the taxpayer through systematic program reviews and evaluations aimed at improving the efficiency and effectiveness of city services. These periodic reviews consider past trends and experiences elsewhere, and revision to the annual budget guidelines are based on current need and program efficiency. This information becomes an important factor in the preparation of the annual budget. (At this time, this effort has not been fully implemented.)

V. DEBT

A. Long-term debt

Long-term debt financing will be considered when the circumstances are such that the "pay-as-you-go" philosophy of acquiring capital assets cannot meet demand. Long-term borrowing will be confined to capital improvements that cannot be financed from current re-occurring revenues.

B. Debt limitation

The City Council has imposed upon itself guidelines to be used in the management long-term debt. Under state law the maximum debt limit is set at ten (10) percent of the city real estate property valuation. City Council has imposed a maximum debt limit of five (5) percent on the same valuation base.

C. Credit rating

The City of Hopewell will seek to maintain and, if possible, to improve its current Moody's A1 and Fitch and S&P AA- bond rating so its borrowing costs are minimized.

D. Virginia Public Finance Act

This state code section sets forth the policy and procedures whereby the City of Hopewell shall issue bonded indebtedness.

## VI. CAPITAL IMPROVEMENTS

### A. Develop a CIP

The City of Hopewell will plan for capital improvements over a multi-year period of time. The Capital Improvements Program will directly relate to the long-range plans and policies adopted by City Council.

### B. Financing method

The City Manager will determine and recommend to the City Council financing methods for all capital projects.

## VII. CASH MANAGEMENT/INVESTMENTS

### A. Responsibility

The responsibility for cash management and investments rests with the elected City Treasurer as defined by state code.

State code defines how and what financial institutions must do to hold public monies. Eligible investments are defined by state code and city investment guidelines.

### B. Investment Policy

City has a written investment policy which governs how investment decisions are made. Highlights of this policy are: city established an investment committee, investments limited to those allowed by Virginia Code, security dealers must be registered in the state of Virginia to conduct business, no investment purchased with an interest rate lower than the latest treasury auction, limit commercial paper to 35%, ninety (90) percent liquidity of six months or less, mortgage-backed derivative type investments prohibited, and investment of one million dollars must be done by competitive bid.

### C. Review of investments

The city investment committee consists of: City Mayor, City Manager and City Treasurer. The City Clerk acts as recorder.

The investment committee meets quarterly to hear and review the city treasurer's investment report, give guidance or amend investment policy.

## VIII. Accounting Practices

### A. Accounting systems and GAAP

The City of Hopewell shall maintain the highest level of accounting practices possible. Accounting systems shall be maintained in order to facilitate financial reporting in conformance with General Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board.

"Basis of accounting" refers to when revenues and expenditures are "recognized" in the accounts and reported in the financial statements.

The General Fund and All Special Funds of the City of Hopewell are accounted for during the year on the "modified accrual": basis for accounting. The governmental and agency fund revenues and expenditures are recognized on the modified accrual basis, where revenues are recognized in the accounting period in which they become available and measurable and expenditures are recognized in the accounting period in which the

fund liability is incurred, if measurable, except for un-matured principle and interest on general long-term debt, which is recognized when due.

The proprietary funds, or enterprise funds, revenues and expenses are recognized on the "full-accrual basis". Under this basis, revenues are recognized in the accounting period when they are earned and expenses are recognized in the period when they are incurred. Unbilled receivables are accrued as revenues and collected unearned revenues are recorded as a liability.

B. Annual audit and independent auditor

An independent firm of certified public accountants will perform an annual financial and compliance audit according to Generally Accepted Auditing Standards (GAAS) each year and will publicly issue an opinion which will be incorporated in the city's Comprehensive Annual Financial Report.

C. Internal control processes

The city will use internal accounting controls to the maximum extent feasible to insure that proper authority is followed in processing all financial transactions.

IX. RISK MANAGEMENT

A. Insurance coverage

The City Manager will obtain insurance protection for the city thru Virginia Municipal League Insurance Pool. This insurance shall include: property, automobile, equipment, law enforcement, employee honesty bond, general liability, professional liability and excess liability coverage.

All contractors performing services for the city shall carry insurance in the amounts and limits required in the procurement bid.

B. Source of funds

The insurance premiums shall be paid from the Self Insurance Fund except for coverage that can be assigned directly to other managed funds. Specifically, the premiums incurred covering the Social Services Fund, Regional Waster Water Treatment Fund, Recreation Fund, and the City Marina Fund shall be reimbursed by each respect fund.

C. Dividends earned

Any dividends earned and paid by the VML pool shall be returned to the Self Insurance Fund.

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## **SUMMARY OF LONG-TERM DEBT REQUIREMENTS**

## **DEBT MANAGEMENT**

Community needs or demands beyond the "CASH" pay-as-you-go philosophy can be met by using long-term debt. Some of the items for which debt may be used are: schools, parks, roads, water and sewer, major equipment and buildings.

Financing of these capital costs can be accomplished through various sources call bonded debt.

The City of Hopewell Council has established a guiding policy in regards to managing debt.

City debt limit may not exceed five (5) percent of the real estate property evaluation.

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### **COMPUTATION OF LEGAL DEBT LIMIT**

#### **Calculation of State Legal Limit**

Assessed Value of Real Property -2014	\$ 1,304,450,200
Multiplied by State Limit of	10%
DEBT LIMIT	\$ 130,445,020

#### **Calculation of Hopewell Limit**

Assessed Value of Real Property -2014	\$ 1,304,450,200
Multiplied by Council Limit of	5%
DEBT LIMIT	\$ 65,222,510
<b>Total Bonded Debt Outstanding 7-01-14</b>	<b>\$ <u>60,516,432</u></b>
<b>Available Debt to Issue</b>	<b>\$ 4,706,078</b>

## **FY 2014-2015 Debt Service**

The following table outlines the debt service requirements due for FY 2014-2015 and future years.



<b>CITY OUTSTANDING DEBT</b>					
<b>Purpose</b>	<b>OutStanding Debt</b>	<b>Principle Due</b>	<b>Interest Due</b>	<b>Total Payment</b>	
<b><u>CAPITAL PROJECTS FUND</u></b>					
2008 G O Bonds Series A- Tax Empt	11,000,000	245,000	485,721	730,721	
2008 G O Bonds Series B- Taxable	3,415,000	-	216,728	216,728	
2009 G O Bonds Series A 1/2 City	4,567,500	92,500	242,282	334,782	
2009 G O Bonds Series B Refunding	2,155,000	-	97,250	97,250	
2009 G O QZAB Bond	2,053,333	186,667	35,868	222,535	
2010 G O QSCB VPSA Bonds	7,125,000	255,000	-	255,000	
2011 G O QSCB VPSA Bonds	4,833,333	166,667	-	166,667	
2011 G O Bonds	2,700,000	-	123,826	123,826	
2011 GO Bonds Refunding Series	1,435,000	465,000	41,562	506,562	
2013 G O Bonds Series A	2,265,000	-	47,566		
2013 G O Bonds Series B	895,000	-	32,488		
2013 G O Bonds Series C	7,700,000		239,556		
1992 VPSA Bonds	-	-	-	-	
2001 VPSA Bonds Series B(63)	2,218,669	251,712	100,818	352,530	
2005D VPSA Bonds (63)	564,297	40,566	27,084	67,650	
2009 G O Bonds Series A 1/2 Schools	4,567,500	92,500	242,282	334,782	
1997 High School Literary Loan	119,400	29,850	2,388	32,238	
1997 Copeland Literary Loan	41,800	10,450	836	11,286	
1997 Woodson Literary Loan	187,800	46,950	3,756	50,706	
1997 Woodlawn Literary Loan	47,800	11,950	956	12,906	
2001 Copeland Literary Loan	2,625,000	375,000	52,500	427,500	
Total Debt Service-Capital Projects Fund	\$ 60,516,432	\$ 2,269,812	\$ 1,993,466	\$3,943,668	
<b><u>ENTERPRISE FUND</u></b>					
2011 Sewer Revenue Bonds	21,200,000	400,000	957,497	1,357,497	
2010 Sewer Revenue Bonds	4,080,000	80,000	187,268	267,268	
2005 Sewer Revenue Bonds	6,015,000	385,000	272,976	657,976	
2012 Sewer Revenue Bonds	2,385,000	280,000	48,625	328,625	
Total Debt Service-Enterprise Funds	\$ 33,680,000	\$ 1,145,000	\$ 1,466,366	\$2,611,366	

## SUMMARY OF LONG-TERM DEBT

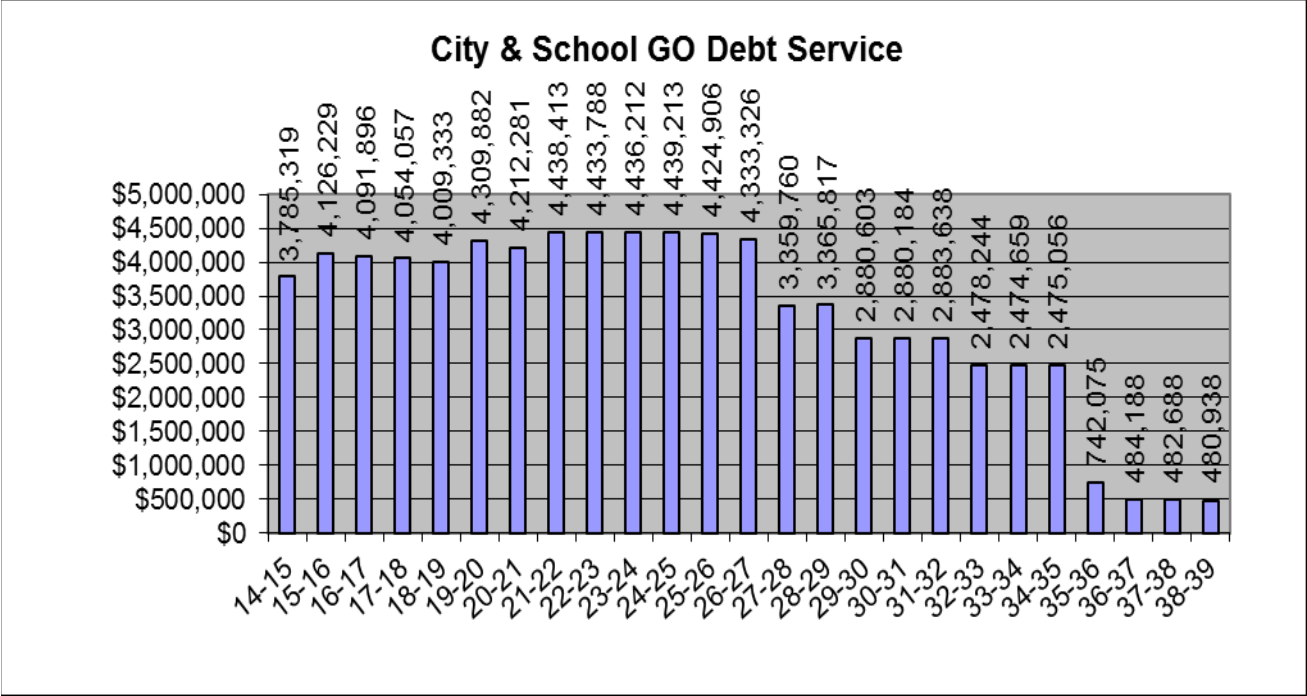
CAPITAL PROJECTS FUND DEBT							
FISCAL YEAR	GENERAL OBLIGATION BONDS		LITERARY LOAN OBLIGATIONS		TOTAL DEBT DUE		TOTAL
	Principle	Interest	Principle	Interest	Principle	Interest	
2014-2015	1,503,332	1,805,126	474,200	60,436	1,977,532	1,807,787	3,785,319
2015-2016	1,913,333	1,729,195	474,200	50,952	2,387,533	1,738,696	4,126,229
2016-2017	1,961,667	1,686,869	474,200	41,468	2,435,867	1,656,029	4,091,896
2017-2018	2,006,667	1,653,641	474,200	31,984	2,480,867	1,573,190	4,054,057
2018-2019	2,156,667	1,612,087	375,000	22,500	2,531,667	1,477,666	4,009,333
2019-2020	2,561,667	1,559,421	375,000	15,000	2,936,667	1,373,215	4,309,882
2020-2021	2,556,667	1,498,230	375,000	7,500	2,931,667	1,280,614	4,212,281
2021-2022	3,008,333	1,430,079	-	-	3,008,333	1,430,079	4,438,413
2022-2023	3,083,333	1,350,454	-	-	3,083,333	1,350,454	4,433,788
2023-2024	3,168,333	1,267,878	-	-	3,168,333	1,267,878	4,436,212
2024-2025	3,258,333	1,180,879	-	-	3,258,333	1,180,879	4,439,213
2025-2026	3,336,667	1,088,239	-	-	3,336,667	1,088,239	4,424,906
2026-2027	3,341,667	991,660	-	-	3,341,667	991,660	4,333,326
2027-2028	2,470,000	889,760	-	-	2,470,000	889,760	3,359,760
2028-2029	2,585,000	780,817	-	-	2,585,000	780,817	3,365,817
2029-2030	2,210,000	670,603	-	-	2,210,000	670,603	2,880,603
2030-2031	2,320,000	560,184	-	-	2,320,000	560,184	2,880,184
2031-2032	2,440,000	443,638	-	-	2,440,000	443,638	2,883,638
2032-2033	2,145,000	333,244	-	-	2,145,000	333,244	2,478,244
2033-2034	2,245,000	229,659	-	-	2,245,000	229,659	2,474,659
2034-2035	2,355,000	120,056	-	-	2,355,000	120,056	2,475,056
2035-2036	690,000	52,075	-	-	690,000	52,075	742,075
2036-2037	455,000	29,188			455,000	29,188	484,188
2037-2038	465,000	17,688			465,000	17,688	482,688
2038-2039	475,000	5,938			475,000	5,938	480,938
<b>Total</b>	<b>\$ 54,711,666</b>	<b>\$ 22,986,610</b>	<b>\$3,021,800</b>	<b>\$ 229,840</b>	<b>\$57,733,466</b>	<b>\$ 22,349,236</b>	<b>\$ 80,082,702</b>

**SUMMARY OF LONG-TERM DEBT**  
(Debt payments by Schools included in total Capital Projects Fund)

<b>SCHOOL PROCEEDS DEBT PAYMENTS</b>							
<b>FISCAL YEAR</b>	<b>GENERAL OBLIGATION BONDS</b>		<b>2005D VPSA</b>		<b>TOTAL DEBT DUE</b>		
	<b>2001 VPSA B Principle</b>	<b>Interest</b>	<b>Principle</b>	<b>Interest</b>	<b>Principle</b>	<b>Interest</b>	<b>TOTAL</b>
2014-2015	251,712	100,818	40,566	27,084	292,278	127,902	420,180
2015-2016	258,594	87,805	41,561	24,989	300,155	112,795	412,950
2016-2017	265,836	74,432	42,607	22,843	308,443	97,276	405,719
2017-2018	273,457	60,681	43,708	20,642	317,165	81,322	398,487
2018-2019	281,477	46,530	44,867	18,383	326,344	64,913	391,257
2019-2020	289,916	31,959	46,086	16,064	336,002	48,023	384,025
2020-2021	295,762	19,982	47,369	13,681	343,131	33,663	376,794
2021-2022	301,915	7,699	48,719	11,231	350,634	18,930	369,564
2022-2023	0	0	50,140	8,710	50,140	8,710	58,850
2023-2024	0	0	51,503	6,247	51,503	6,247	57,750
2024-2025	0	0	52,870	3,780	52,870	3,780	56,650
2025-2026	<u>0</u>	<u>0</u>	<u>54,301</u>	<u>1,249</u>	<u>54,301</u>	<u>1,249</u>	<u>55,550</u>
<b>Total</b>	\$ 2,218,669	\$ 429,906	\$564,297	\$ 174,902	\$ 2,782,966	\$ 604,808	\$3,387,774

# SUMMARY OF LONG-TERM DEBT

ENTERPRISE FUND DEBT							
FISCAL YEAR	REVENUE BONDS		CAPITAL LEASES		TOTAL DEBT DUE		TOTAL
	Principle	Interest	Principle	Interest	Principle	Interest	
2014-2015	1,145,000	1,466,366	0	0	1,145,000	1,466,366	2,611,366
2015-2016	1,185,000	1,434,490	0	0	1,185,000	1,434,490	2,619,490
2016-2017	1,215,000	1,399,228	0	0	1,215,000	1,399,228	2,614,228
2017-2018	1,255,000	1,361,024	0	0	1,255,000	1,361,024	2,616,024
2018-2019	1,290,000	1,319,914	0	0	1,290,000	1,319,914	2,609,914
2019-2020	1,335,000	1,275,413	0	0	1,335,000	1,275,413	2,610,413
2020-2021	1,380,000	1,227,749	0	0	1,380,000	1,227,749	2,607,749
2021-2022	1,435,000	1,176,096	0	0	1,435,000	1,176,096	2,611,096
2022-2023	1,160,000	1,124,366	0	0	1,160,000	1,124,366	2,284,366
2023-2024	1,210,000	1,073,064	0	0	1,210,000	1,073,064	2,283,064
2024-2025	1,265,000	1,018,366	0	0	1,265,000	1,018,366	2,283,366
2025-2026	1,330,000	958,160	0	0	1,330,000	958,160	2,288,160
2026-2027	720,000	907,919	0	0	720,000	907,919	1,627,919
2027-2028	755,000	871,044	0	0	755,000	871,044	1,626,044
2028-2029	795,000	832,294	0	0	795,000	832,294	1,627,294
2029-2030	830,000	791,669	0	0	830,000	791,669	1,621,669
2030-2031	880,000	748,919	0	0	880,000	748,919	1,628,919
2031-2032	920,000	703,919	0	0	920,000	703,919	1,623,919
2032-2033	970,000	656,669	0	0	970,000	656,669	1,626,669
2033-2034	1,020,000	606,919	0	0	1,020,000	606,919	1,626,919
2034-2035	1,070,000	554,556	0	0	1,070,000	554,556	1,624,556
2035-2036	1,125,000	499,450	0	0	1,125,000	499,450	1,624,450
2036-2037	1,180,000	441,581	0	0	1,180,000	441,581	1,621,581
2037-2038	1,245,000	380,700	0	0	1,245,000	380,700	1,625,700
2038-2039	1,305,000	316,681	0	0	1,305,000	316,681	1,621,681
2039-2040	1,375,000	249,397	0	0	1,375,000	249,397	1,624,397
2040-2041	1,445,000	178,597	0	0	1,445,000	178,597	1,623,597
2041-2042	1,515,000	104,284	0	0	1,515,000	104,284	1,619,284
2042-2043	<u>1,325,000</u>	<u>33,125</u>	<u>0</u>	<u>0</u>	<u>1,325,000</u>	<u>33,125</u>	<u>1,358,125</u>
<b>Total</b>	<u>\$33,680,000</u>	<u>\$23,711,959</u>	<u>\$0</u>	<u>\$0</u>	<u>\$33,680,000</u>	<u>\$23,711,959</u>	<u>\$57,391,959</u>

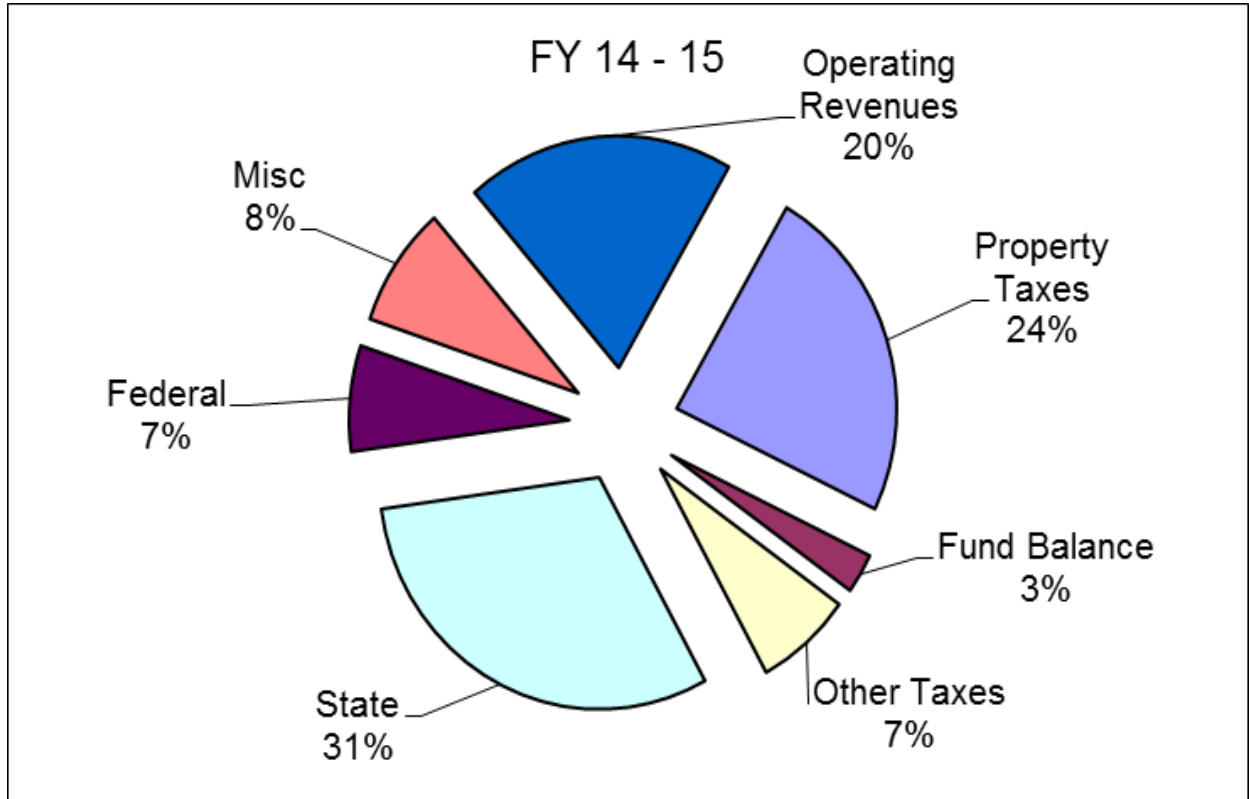


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## **BUDGET APPROACH**

SUMMARY OF REVENUES						
REVENUES	TOTAL	GENERAL FUND	SPECIAL REVENUE FUNDS	SCHOOL FUNDS	ENTERPRISE FUNDS	CAPITAL PROJECTS FUNDS
Ad Valorem Taxes						
-- Real Estate	14,775,000	14,775,000	0	0	0	0
-- Machinery & Tools	4,759,700	4,759,700	0	0	0	0
-- Personal Property	4,563,000	4,563,000	0	0	0	0
-- Public Service Corporation	3,797,000	3,797,000	0	0	0	0
-- Penalties & Interest	300,000	300,000	0	0	0	0
<b>Subtotal Property Taxes</b>	28,194,700	28,194,700	0	0	0	0
Other Taxes						
-- Sales Tax	1,917,000	1,917,000	0	0	0	0
-- Unility Tax	1,700,000	1,700,000	0	0	0	0
-- Business License Tax	1,650,000	1,650,000	0	0	0	0
-- Motor Vehicle License	360,000	360,000	0	0	0	0
-- Bank Tax	120,000	120,000	0	0	0	0
-- Recordation /Deeds Tax	120,000	120,000	0	0	0	0
-- Meals & lodging Tax	2,550,000	0	0	0	0	2,550,000
<b>Subtotal Other Taxes</b>	8,417,000	5,867,000	0	0	0	2,550,000
Intergovernmental Revenues						
-- State Revenues	36,477,500	6,316,500	3,374,000	26,787,000	0	0
-- Federal Revenues	8,731,800	318,600	2,061,200	6,352,000	0	0
Permits and Fees	86,500	86,500	0		0	0
Fines and Violations	1,701,800	1,701,800	0		0	0
Use Money & Property	63,500	47,000	3,500	3,000	0	10,000
Operating Revenues	23,338,000	0	0		23,338,000	0
In-Lieu of Taxes	1,261,100	1,261,100	0		0	0
Other Revenues	6,945,500	600,300	382,700	5,657,000	0	305,500
<b>Total Revenues</b>	115,217,400	44,393,500	5,821,400	38,799,000	23,338,000	2,865,500
Transfers from Other Funds	18,797,500	884,500	2,678,500	13,100,000	0	2,134,500
Bond Proceeds	0			0		
Fund Balance Use	3,299,500	779,000	311,500	0	2,209,000	0
<b>Total Resources</b>	137,314,400	46,057,000	8,811,400	51,899,000	25,547,000	5,000,000
Less Transfers from Other Funds	(18,859,500)	(884,500)	(2,678,500)	(13,162,000)	-	(2,134,500)
<b>Total Resources net of Transfers</b>	\$118,454,900	\$45,172,500	\$6,132,900	\$38,737,000	\$25,547,000	\$2,865,500

## REVENUE SUMMARY ALL FUNDS



### INDEX-

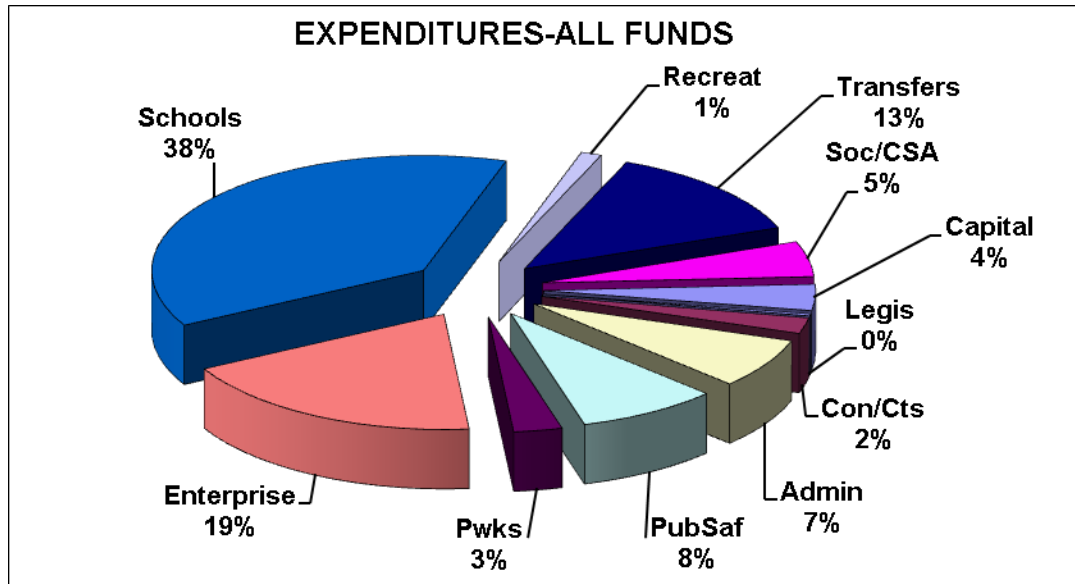
Taxes	=	All Property Taxes
Other Taxes	=	All other Taxes Levied by City
State	=	State Revenues
Federal	=	Federal Revenues
Fund Balance	=	Use of Surplus Fund Balance
Operating Rev.	=	Operating Revenues generated from the Enterprise Funds
Misc.	=	All Other Revenues



**EXPENDITURES SUMMARY ALL FUNDS- FY 14-15**

<b>PROGRAMS/ DEPARTMENTS</b>	<b>TOTAL</b>	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUNDS</b>	<b>SCHOOL FUNDS</b>	<b>ENTERPRISE FUNDS</b>	<b>CAPITAL PROJECTS FUNDS</b>
Legislative						
-- City Council	\$ 111,000	\$ 111,000	\$ -	\$ -	\$ -	\$ -
-- City Clerk	68,000	68,000	-	-	-	-
-- City Attorney	189,000	189,000	-	-	-	-
Constitutional Offices/Courts						
-- Clerk of Circuit Court	302,000	302,000	-	-	-	-
-- Commonwealth Attorney	447,000	447,000	-	-	-	-
-- Commissioner of Revenue	330,000	330,000	-	-	-	-
-- City Treasurer	336,000	336,000	-	-	-	-
-- Electoral Board/Registrar	140,000	140,000				
-- City Sheriff	1,154,000	1,154,000	-	-	-	-
-- City Sheriff- I-295 Project	-		-	-	-	-
-- Circuit Court	73,000	73,000	-	-	-	-
-- General District Court	60,000	60,000	-	-	-	-
-- Court Services	7,000	7,000	-	-	-	-
-- VJCCCA	152,000	152,000				
-- Crater Detention Center	252,000	252,000				
-- Riverside Regional Jail	2,453,000	2,453,000	-	-	-	-
Administration						
-- City Manager	330,000	330,000	-	-	-	-
Economic Develop Office	-	-	-	-	-	-
InterGovernment Affairs	93,000	93,000		-	-	-
Human Resources	279,000	279,000		-	-	-
-- Finance	1,277,000	1,277,000	-	-	-	-
-- Development	725,000	725,000	-	-	-	-
-- Police	5,676,000	5,676,000	-	-	-	-
Victim-Witness Grant	114,000	114,000	-	-	-	-
-- Fire	3,044,000	3,044,000	-	-	-	-
-- Public Works	3,916,000	3,916,000	-	-	-	-
-- Health/Outside Agencies	1,696,000	1,696,000	-	-	-	-
-- Non-Departmental	4,920,000	4,920,000	-	-	-	-
-- Transfers/Contingency	17,913,000	17,913,000	-	-	-	-
-- Social Services	3,816,000	-	3,816,000	-	-	-
-- Comprehensive Services	2,990,000	-	2,990,000	-	-	-
-- Parks & Recreation	1,661,000	-	1,661,000	-	-	-
-- Harbor Master/Marina	14,400	-	14,400	-	-	-
-- CDBG	-	-	-	-	-	-
-- Self Insurance	290,000	-	290,000	-	-	-
-- Anti-Litter	5,000	-	5,000	-	-	-
-- Cemetery	35,000	-	35,000	-	-	-
-- School Board	51,899,000	-	-	51,899,000	-	-
-- Solid Waste	2,124,000	-	-	-	2,124,000	-
-- Sewer Services	5,716,000	-	-	-	5,716,000	-
-- HRWTF	17,707,000	-	-	-	17,707,000	-
-- Capital Projects/Debt	5,000,000	-	-	-	-	5,000,000
-- Economic Development	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 137,314,400</b>	<b>\$ 46,057,000</b>	<b>\$ 8,811,400</b>	<b>\$ 51,899,000</b>	<b>\$ 25,547,000</b>	<b>\$ 5,000,000</b>
Less: Transfer to Other Funds	\$ (18,859,500)	(17,913,000)	(62,000)	-	(884,500)	-
<b>Total Net Expenditures</b>	<b>\$ 118,454,900</b>	<b>\$ 28,144,000</b>	<b>\$ 8,749,400</b>	<b>\$ 51,899,000</b>	<b>\$ 24,662,500</b>	<b>\$ 5,000,000</b>

## EXPENDITURE SUMMARY ALL FUNDS



### INDEX-

Legis	=	Council, City Clerk, City Attorney
Con/Cts	=	Constitutional offices, Registrar, Courts, Jail
Admin	=	General Fund departments less: police, Fire, Public Works
PubSaf	=	Police and Fire Departments
Pwks	=	Public Works Department
Schools	=	All School Budgets
Recreat	=	Recreation Fund and Harbor Fund
Transfer	=	Transfers
Soc/CSA	=	Social Services, CSA Funds
Services	=	Enterprise Fund Services
Capital	=	Capital Projects Fund

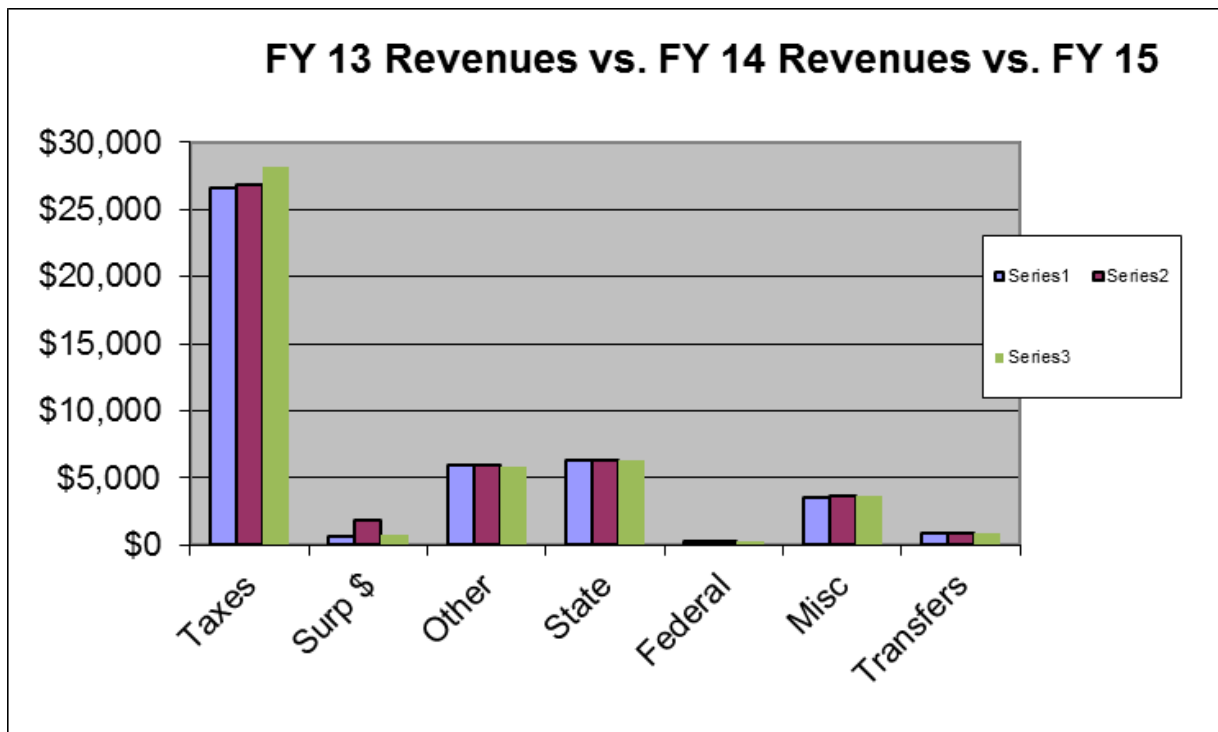
## Overview

The fiscal condition of the City of Hopewell has a direct impact on the level of services that can be provided its citizens, City revenues indicate a lacking of revenues to pay for the current level of services.

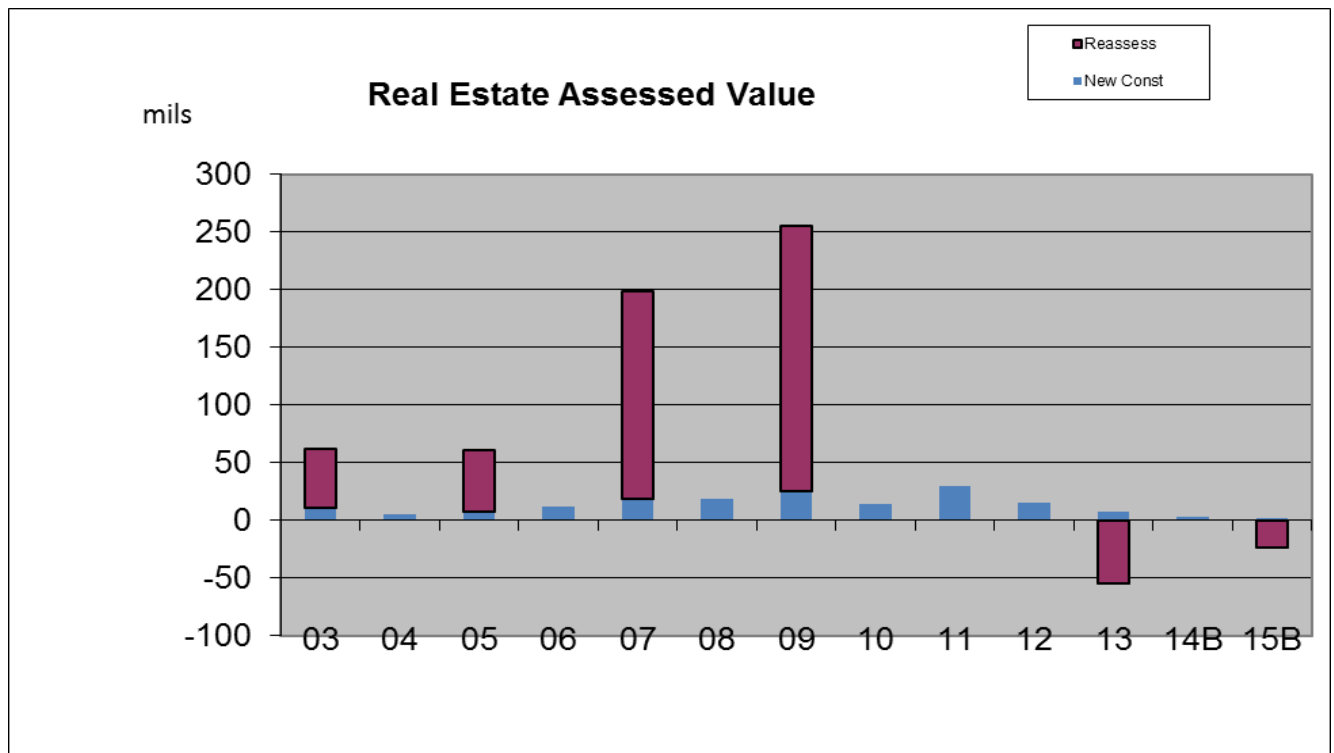
This is primarily due to the fact the City has no vacant land for growth. Almost every revenue source available to the city, except for user fees and property taxes, are close to their maximum allowed by Virginia law. The City is limited in what revenue it may levy and the amount of such levies.

## General Fund

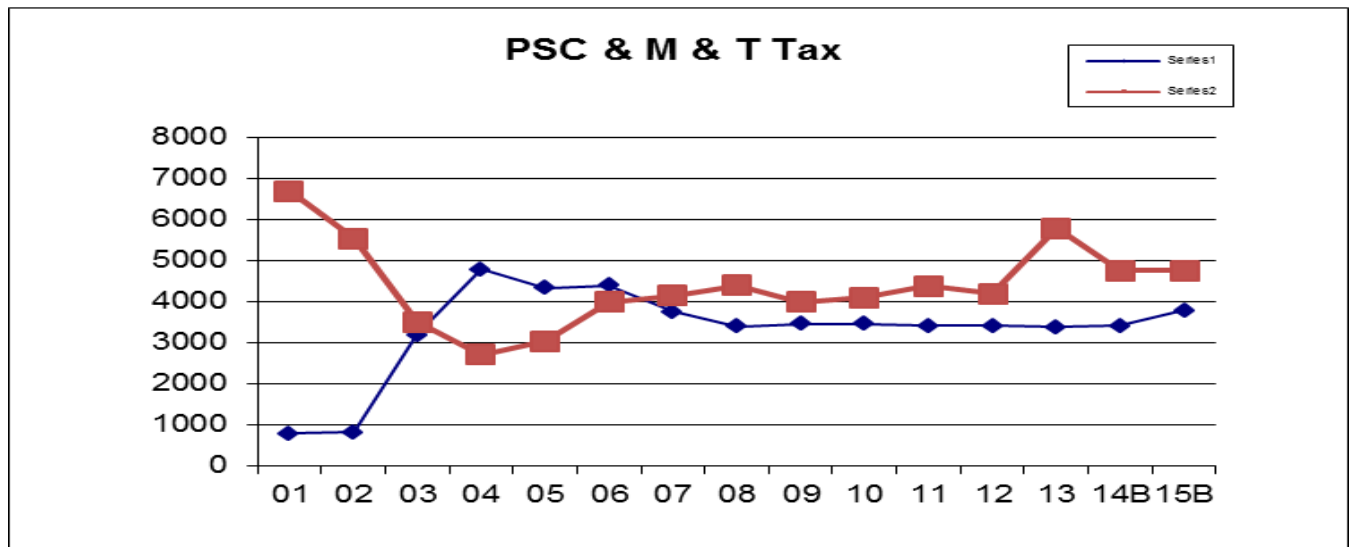
The City General Fund supports many of the basic services associated with local government. These include education, police, fire, recreation, parks, library, social and health services and community development. The demands for services placed on the General Fund continue to rise. Both its citizens and the state general assembly continue to see local government as primary in service delivery. Budgeted revenues for the past two budget years as shown below reflect the limited revenue growth that the city is experiencing.



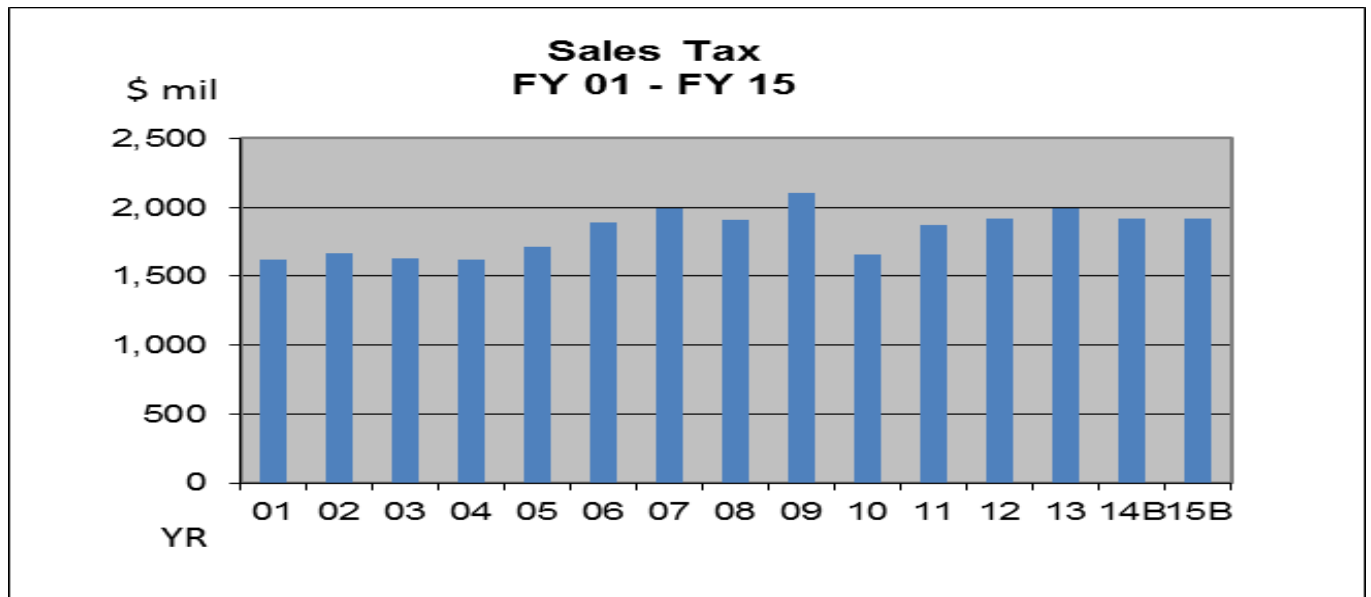
Further analysis of the major revenue categories show that only real taxes are increasing by any significant amount and that can be attributed primarily to reassessment valuations, which is estimated to decrease in the next reassessment by at least 2%.



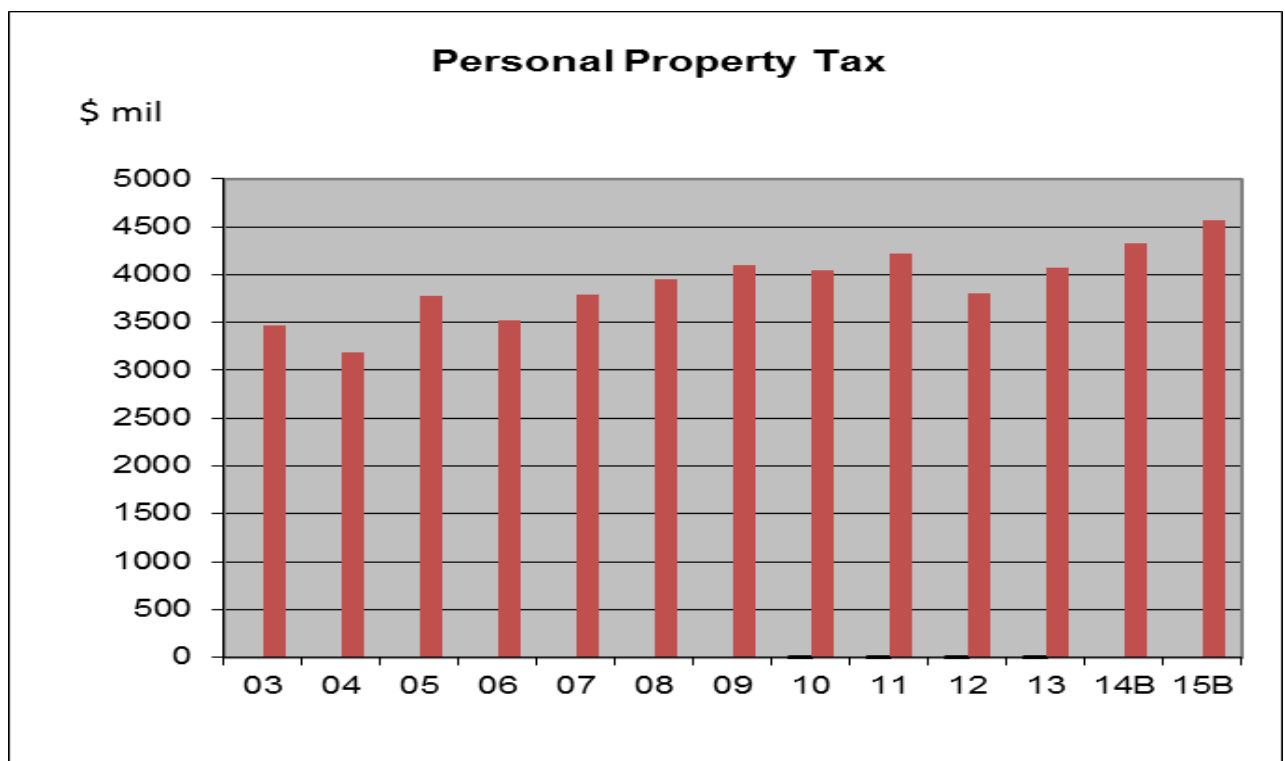
Public Service Corporation taxation took a large jump when the general assembly changed the law on who would assess co-generation power plants in 2002. Up till that year the locality valued such assets as machinery & tools. The city realized a gain in valuation and tax revenues when this took effect. M & T taxes are forecasted in increase a small amount, but the question as to the ethanol plant M & T taxes is yet not answered.



Local option sales tax revenues have been stagnant for the past several years, but increased to their maximum in 2009 and are not forecasted to approach that amount in 2015 as economic recovery continues to be slow.



Personal property tax has been increasing in modest increments.

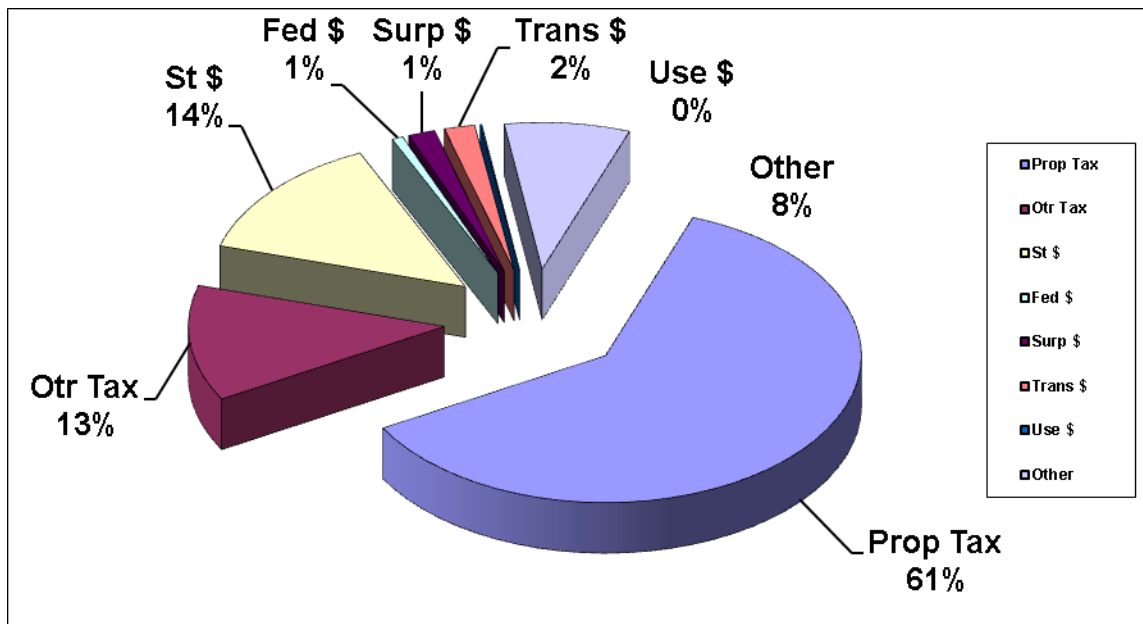


GENERAL FUND REVENUES							
REVENUES	ACTUAL 11-12	ACTUAL 12-13	BUDGET 13-14	YTD 03/31/14	PROJECTED 06/30/14	14-15 DEPT BUDGET	14-15 CITY MGR BUDGET
Ad Valorem Taxes							
-- Real Estate	\$13,331,618	\$ 14,088,675	\$13,995,000	\$6,575,832	\$ 13,995,000	\$14,385,000	\$14,775,000
-- Machinery & Tools	4,202,779	5,797,880	4,759,700	2,395,007	4,759,700	4,759,700	4,759,700
-- Personal Property	3,802,833	4,071,047	4,325,000	269,599	4,325,000	4,563,000	4,563,000
Less State Tax Relief	-1,618,029	(1,618,030)	-1,618,000		(1,618,000)	0	0
-- Public Service Corporation	3,420,799	3,391,300	3,415,000	229,237	3,415,000	3,797,000	3,797,000
-- Penalties & Interest	308,681	686,766	300,000	117,105	300,000	300,000	300,000
<b>Subtotal Property Taxes</b>	23,448,681	\$ 26,417,638	25,176,700	9,586,780	25,176,700	27,804,700	28,194,700
Other Taxes							
-- Sales Tax	1,921,273	\$ 1,989,128	1,917,000	683,933	1,917,000	1,917,000	1,917,000
-- Utility Tax	1,681,833	1,687,740	1,800,000	806,150	1,800,000	1,700,000	1,700,000
-- Business License Tax	1,568,561	1,738,830	1,650,000	32,240	1,650,000	1,650,000	1,650,000
-- Motor Vehicle License	340,833	354,759	360,000	47,985	360,000	360,000	360,000
-- Franchise Fee	0	4,200	0	0	0	0	0
-- Bank Tax	121,065	106,048	120,000	0	120,000	120,000	120,000
-- Recordation/Deeds Tax	114,494	148,591	120,000	77,394	120,000	120,000	120,000
-- E911 Wireless	0	-	0	0	0	0	0
<b>Subtotal Other Taxes</b>	5,748,059	\$ 6,029,296	5,967,000	1,647,702	5,967,000	5,867,000	5,867,000
Intergovernmental Revenues							
-- State Funding	7,734,806	\$ 8,026,122	\$ 7,974,293	4,397,199	\$ 7,974,293	6,316,500	6,316,500
-- Federal Funding	720,027	590,568	485,193	172,062	485,193	318,600	318,600
Permits and Fees	96,885	120,108	88,500	59,058	88,500	86,500	86,500
Fines and Violations	1,866,202	1,544,561	1,701,800	669,337	1,701,800	1,602,692	1,701,800
Use Money & Property	69,799	76,366	47,000	23,784	47,000	47,000	47,000
In-Lieu of Taxes	29,475	1,220,167	1,261,100	0	1,261,100	1,261,100	1,261,100
Other Revenues	722,536	737,928	642,968	435,268	642,969	600,300	600,300
<b>Total Revenues</b>	40,436,470	\$ 44,762,754	43,344,554	16,991,190	43,344,555	43,904,392	44,393,500
Transfers from Other Funds	884,500	884,500	884,500	191,250	884,500	884,500	884,500
Fund Balance Appropriated		-	1,853,000		1,853,000	0	779,000
<b>Total Resources</b>	41,320,970	\$ 45,647,254	46,082,054	17,182,440	46,082,055	44,788,892	46,057,000
Less Transfers from Other Funds	-884,500	(884,500)	-884,500	-191,250	-884,500	-884,500	-884,500
<b>TOTAL NET RESOURCES</b>	\$40,436,470	\$44,762,754	\$45,197,554	\$16,991,190	\$ 45,197,555	\$43,904,392	\$45,172,500

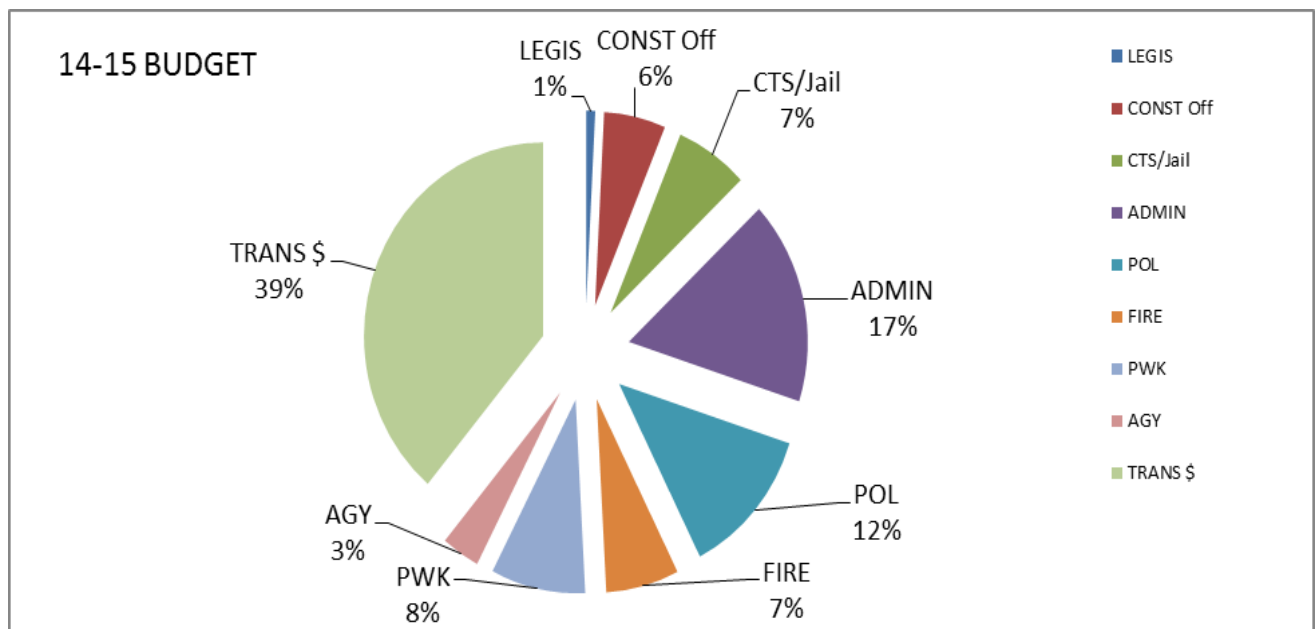
GENERAL FUND EXPENDITURES							
DEPARTMENT/PROGRAM	ACTUAL 11-12	ACTUAL 12-13	BUDGET 13-14	YTD 03/31/14	PROJECTED 6/30/14	14-15 DEPT BUDGET	14-15 CITY MGR BUDGET
Legislative							
-- City Council	\$162,491	\$ 122,648	\$111,000	\$54,867	\$111,000	\$111,000	\$111,000
-- City Clerk	67,997	70,130	62,000	28,901	62,000	62,000	68,000
-- City Attorney	<u>209,018</u>	<u>240,194</u>	<u>173,000</u>	<u>104,336</u>	<u>173,000</u>	<u>175,750</u>	<u>189,000</u>
<b>Total Legislative</b>	439,506	\$ 432,972	346,000	188,104	346,000	348,750	368,000
Constitutional Offices/Courts							
-- Clerk of Circuit Court	267,474	\$ 292,772	290,000	132,216	290,000	316,534	302,000
-- Commonwealth Attorney	394,168	423,775	415,000	208,642	415,000	450,645	447,000
-- Commissioner of Revenue	249,682	298,865	310,000	149,217	310,000	324,719	330,000
-- City Treasurer	281,248	293,810	293,000	145,622	293,000	340,940	336,000
-- City Sheriff	<u>1,118,528</u>	<u>1,085,430</u>	<u>1,080,000</u>	<u>578,294</u>	<u>1,080,000</u>	<u>1,162,848</u>	<u>1,154,000</u>
<b>Total Constitutional</b>	2,311,100	\$ 2,394,652	2,388,000	1,213,991	2,388,000	2,595,686	2,569,000
-- Circuit Court	34,215	\$ 51,433	70,000	21,911	70,000	70,000	73,000
-- General District Court	68,335	65,064	55,000	35,359	55,000	56,000	60,000
-- Court Services	6,163	5,818	7,000	2,968	7,000	7,000	7,000
-- VJCCA Grant	153,608	148,290	147,000	81,987	147,000	147,290	152,000
-- Crater Detention Center	280,900	260,171	252,000	93,592	252,000	252,000	252,000
-- Riverside Regional Jail	<u>2,551,320</u>	<u>2,397,560</u>	<u>2,453,000</u>	<u>1,176,480</u>	<u>2,453,000</u>	<u>2,453,000</u>	<u>2,453,000</u>
<b>Total Courts/Detention</b>	3,094,541	2,928,336	2,984,000	1,412,297	2,984,000	2,985,290	2,997,000
-- City Manager Office	244,155	241,635	246,000	155,984	246,000	234,000	330,000
Economic Development Office	234,795	262,110	312,600	121,203	312,600	320,522	0
Intergovernment Affairs	79,002	69,750	90,000	41,946	90,000	90,000	93,000
Human Resources	250,324	238,231	260,000	119,661	260,000	310,000	279,000
-- Electoral Board/Registrar	130,869	134,414	135,000	56,775	135,000	135,000	140,000
-- Finance	1,202,098	1,254,982	1,211,000	609,422	1,211,000	1,307,700	1,277,000
-- Development	564,978	560,557	587,400	292,456	587,400	1,067,684	725,000
-- Police	5,158,882	5,207,711	5,245,000	2,496,859	5,245,000	5,452,117	5,676,000
Victim-Witness Grant	87,135	74,079	114,000	29,369	114,000	114,000	114,000
-- Fire	2,636,690	2,641,649	2,829,000	1,240,628	2,829,000	2,901,100	3,044,000
-- Public Works	3,411,534	3,538,216	3,785,000	1,305,823	3,785,000	5,187,800	3,916,000
-- Health/Outside Agencies	1,288,595	1,339,033	1,293,000	836,921	1,293,000	1,366,500	1,696,000
-- Non-Departmental	4,473,420	4,509,381	4,433,000	2,379,768	4,433,000	4,619,000	4,920,000
-- Transfers	15,796,513	17,648,662	19,120,000	1,306,530	19,120,000	16,986,000	17,913,000
-- Contingency/COLA/Health Ins	<u>0</u>		<u>447,000</u>	<u>0</u>	<u>447,000</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	\$41,404,137	\$43,476,370	\$45,826,000	\$13,807,737	\$45,826,000	\$46,021,149	\$46,057,000



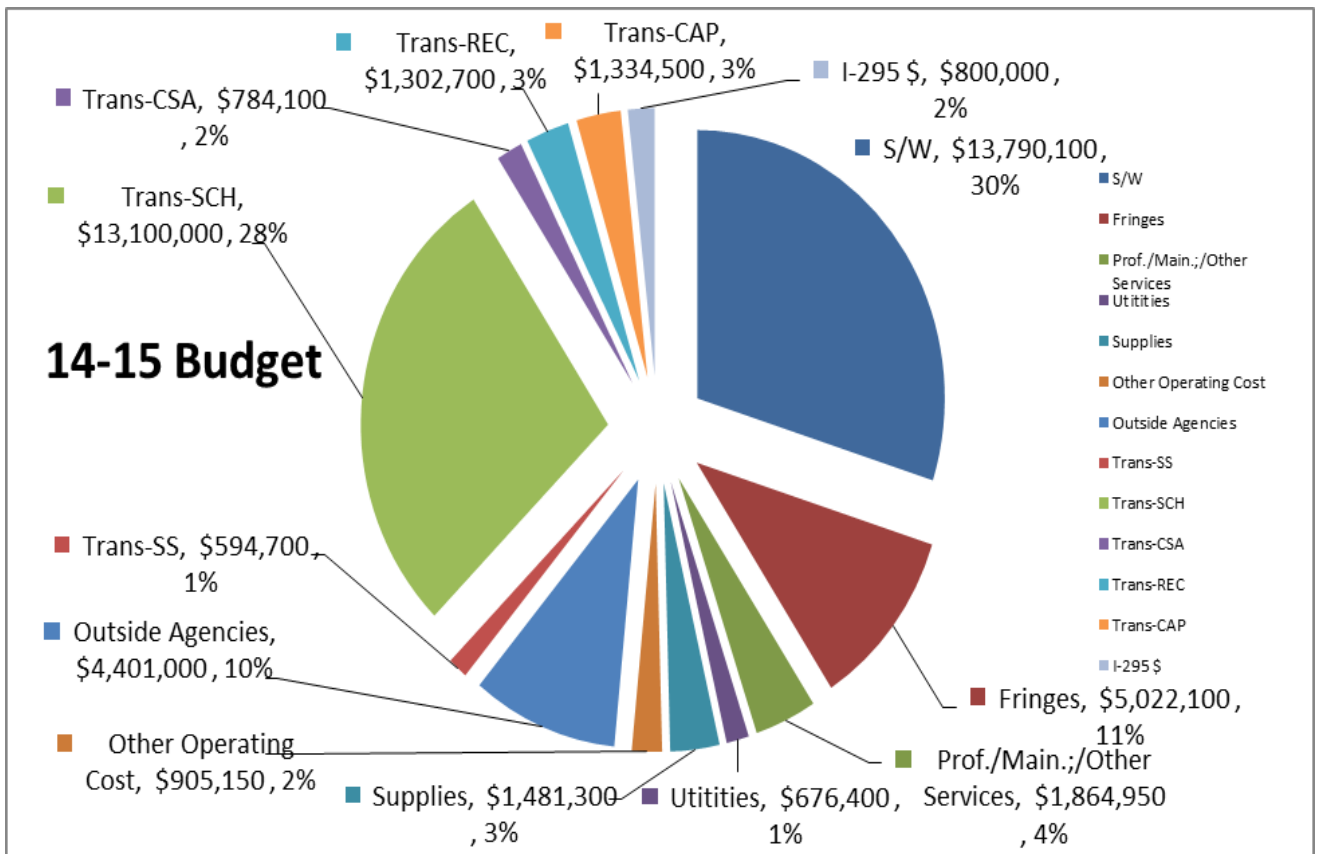
## GENERAL FUND REVENUES



## GENERAL FUND EXPENDITURES



## General Fund Expenditures by Major Category



# POSITIONS SUMMARY FY 2014 - 2015

	FY 12-13		FY 13-14		FY 14-15				
	Full	Part	Full	Part	Full	Part	New		
<u>DEPARTMENTS</u>	<u>Time</u>	<u>Time</u>	<u>Time</u>	<u>Time</u>	<u>Time</u>	<u>Time</u>	<u>Req</u>	<u>Recommend</u>	
City Clerk	1		1		1				
City Manager	3		3		4		1	1	
City Attorney	2		2		2				
Human Resources	3	#	4		4				
Tourism Office	1	6	1	5	1	0	-1	-1	
Finance	15	1 #	14	1	14	1			
Development	10		10		10		1	1	
Police	80	17	83	15	84	15	1	1	
Fire	46		46		46				
Public Works	39	4	39	4	41	4	2	2	
Sewer Fund	7		7		7				
HRWTF Fund	54		54		54				
Recreation Fund	15	41	15	40 *	15	40			
CDBG Fund	0		0		0				
CPMT Fund	1		1		1				
Social Services Fund	40	15	40	15	40	15			
General District Court	1		1		1				
Circuit Court	1		1		1				
Juvenile Court Grant	2		2		2				
Total	321	84	324	80	328	75	4	4	
<u>CONSTITUTIONAL OFFICES</u>									
Commissioner of Revenue	7		7		7				
City Treasurer	5	2	5	2	5	2			
Commonwealth Attorney	7		6		6				
Clerk of Circuit Court	5		5		5				
City Sheriff	10	15	10	16	12	16	2	2	
Electoral Voter Registrar	2	1	2	1	2	1			
Total	36	18	35	19	37	19	2	2	
TOTAL ALL CITY POSITIONS	357	102	359	99	365	94	6	6	
PER 1,000 POPULATION	15.7		15.7		16.0				
# Risk Position moved to HR from Finance									
* Recreation's 40 part-time position is equivalent to 22 part-time positions @ 1040 hours.									

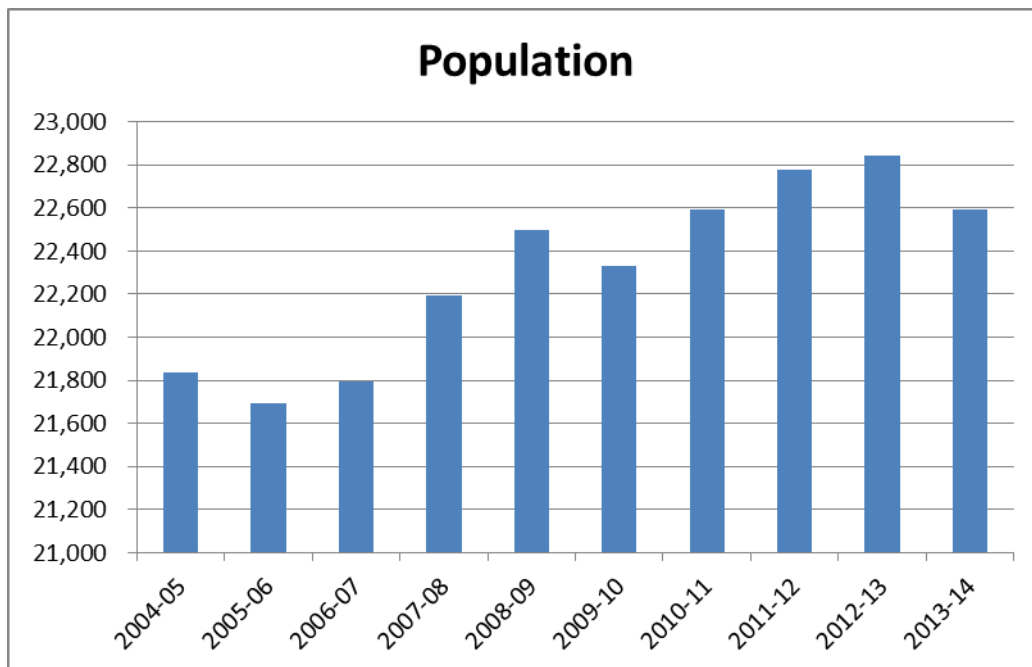
## **STATISTICAL DATA**

## City of Hopewell, Virginia

Exb. 1

<u>Year</u>	<u>Population(1)</u>
2004-05	21,836
2005-06	21,694
2006-07	21,794
2007-08	22,191
2008-09	22,497
2009-10	22,331
2010-11	22,591
2011-12	22,779
2012-13	22,845
2013-14	22,591

(1) Source: Weldon Cooper Center for Public Service and City



**City of Hopewell, Virginia**

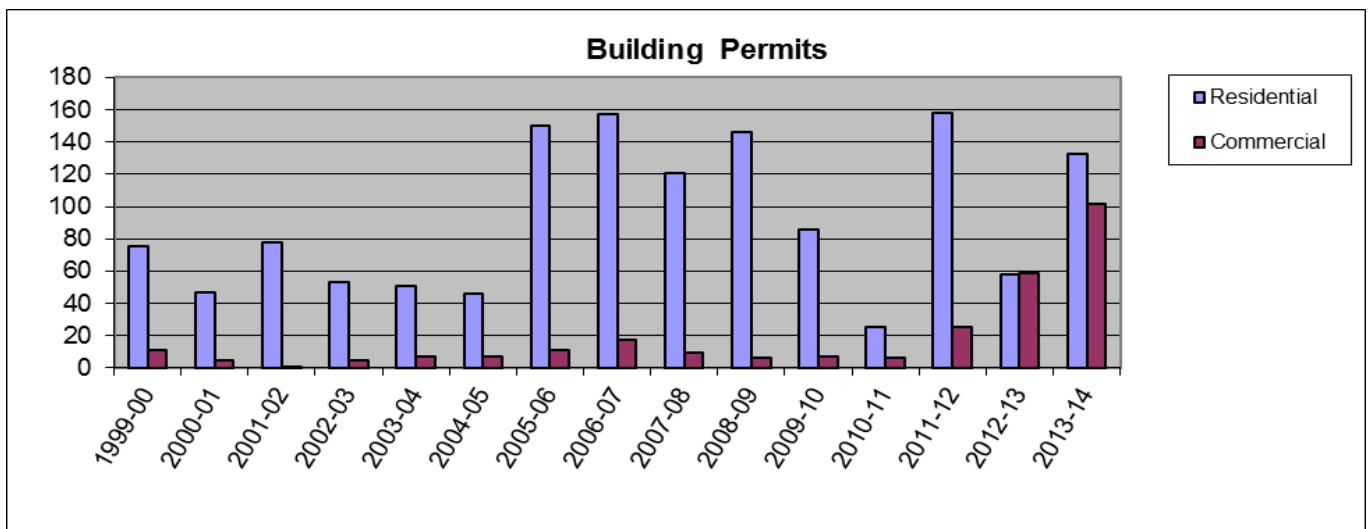
**Exb. 2**

**Residential and Commercial Construction Permits and Property Value**

Fiscal Year	Commercial		Residential (1)		Property Value(2)	
	Number	Value	Number	Value	Commercial	Residential
1999-00	11	6,330,750	75	3,332,371	257,774,100	529,757,800
2000-01	5	1,681,275	47	2,897,500	263,994,800	563,327,900
2001-02	1	39,979	78	3,657,000	228,655,500	571,494,500
2002-03	5	1,761,000	53	3,167,129	227,807,200	617,273,300
2003-04	7	663,000	51	3,055,110	228,405,900	620,352,700
2004-05	7	5,005,000	46	2,894,500	250,365,200	676,236,900
2005-06	11	8,159,000	150	6,786,327	240,908,000	687,761,900
2006-07	17	579,175	157	8,356,645	290,480,700	834,390,600
2007-08	9	2,263,739	121	6,954,685	278,744,400	869,372,700
2008-09	6	169,305	146	8,891,041	313,476,000	944,098,900
2009-10	7	285,305	86	3,328,579	315,946,500	1,041,196,500
2010-11	6	1,026,000	25	1,773,015	337,775,000	994,036,836
2011-12	25	1,337,696	158	4,972,166	335,066,000	1,028,455,300
2012-13	59	45,621,814	58	5,883,082	341,726,400	962,866,100
2013-14	102	5,373,780	133	4,777,396	348,163,300	971,756,200

(1) Source - Commercial and Residential Construction-City Department of Inspections, calendar year.

(2) Source - Property Values from City Land Book.



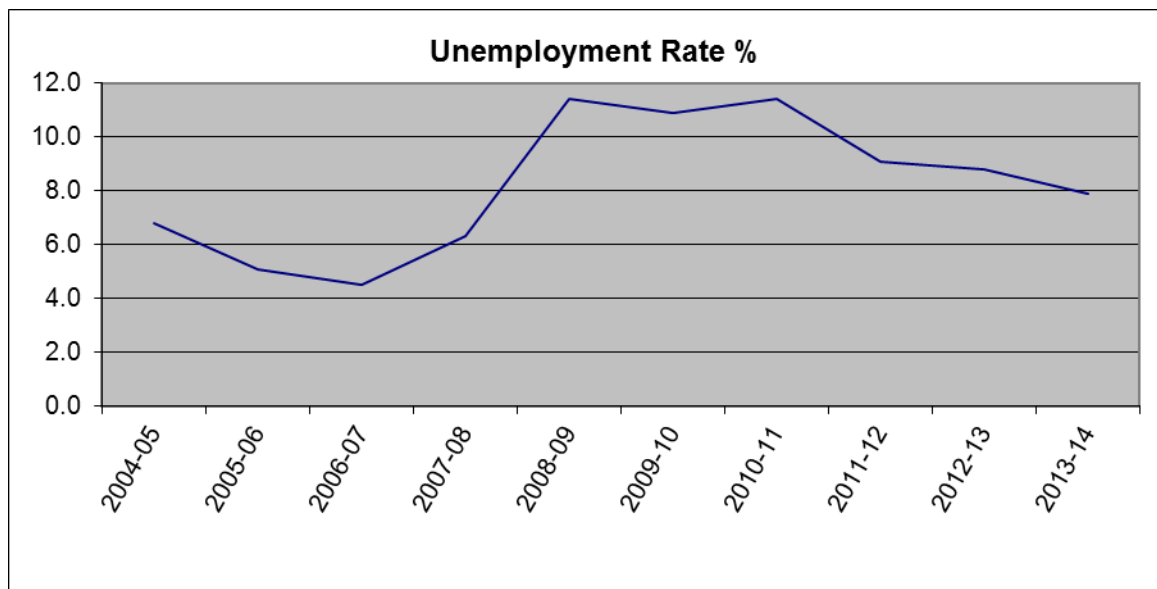
City of Hopewell, Virginia			Exb. 3	
Principle Taxpayers (1)				
Calendar Year Ended December 21, 2012				
Company	Industry		Assessment Amount	% of Total
AlliedSignal Corp./Honeywell	Manufacturing		\$ 123,384,859	6.4%
Hopewell Cogentric Limited Partnership	Electric Power Producer		103,807,067	5.3%
Dominion Virginia Power	Utility		95,297,228	4.9%
Stone Container Inc.	Manufacturing		79,252,644	4.1%
Columbia HCA/John Randolph Hospital	Medical		75,041,710	3.9%
Ashland Company	Manufacturing		54,105,236	2.8%
Virginia American Water Company	Water Services		47,173,385	2.4%
James River Cogeneration Company	Electric Power Producer		37,433,573	1.9%
Verizon Virginia Inc.	Telephone		6,820,390	4.0%
			<u>\$622,316,092</u>	<u>35.7%</u>
Source: City Assessor and Commissioner of Revenue				
Note: (1) Includes real estate, machinery and tools, industrial energy conversion, public services, and tangible personal property value for:			\$1,942,634,461	

**City of Hopewell, Virginia**  
**Unemployment Rate - 6/30**

**Exb. 4**

<u>Fiscal Year</u>	<u>Unemployment Rate %</u>
2004-05	6.8
2005-06	5.1
2006-07	4.5
2007-08	6.3
2008-09	11.4
2009-10	10.9
2010-11	11.4
2011-12	9.1
2012-13	8.8
2013-14	7.9

Source: Virginia Employment Commission

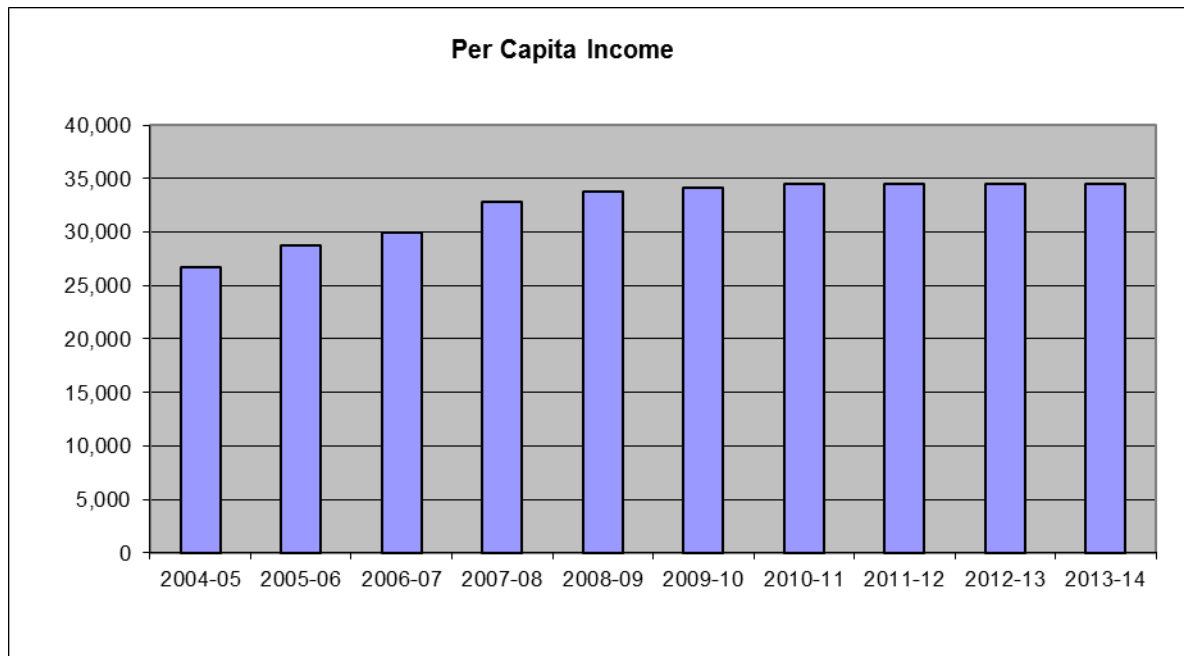




**City of Hopewell, Virginia****Exb. 5**

<u>Year</u>	<u>Per Capita Income(1)</u>
2004-05	26,660
2005-06	28,778
2006-07	29,986
2007-08	32,791
2008-09	33,775
2009-10	34,112
2010-11	34,454
2011-12	34,454
2012-13	34,454
2013-14	34,454

(1) Source: Weldon Cooper Center for Public Service and City



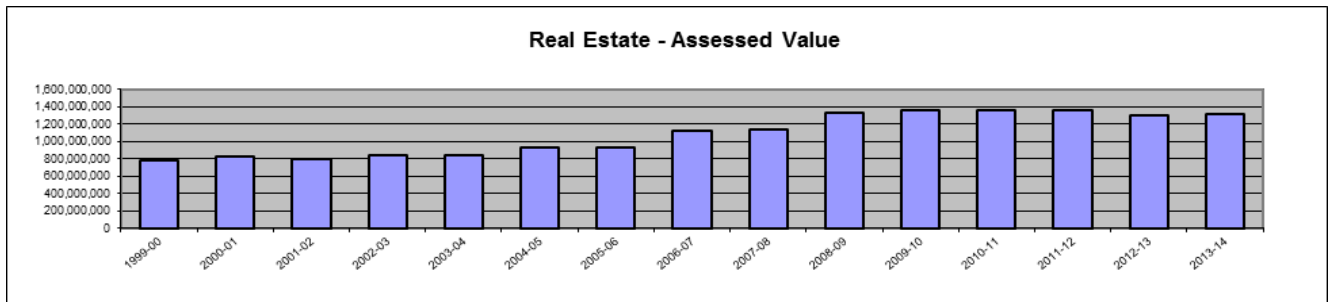
### Assessed Value of Taxable Property

**Exb. 6**

Fiscal Year	Real Estate(1)	Personal Property	Machinery & Tools	Public Utility	Total
1999-00	787,968,509	87,467,357	218,109,930	69,926,531	1,163,472,327
2000-01	827,759,300	90,113,213	220,104,443	70,223,039	1,208,199,995
2001-02	800,586,607	104,606,800	214,696,435	71,544,125	1,191,433,967
2002-03	845,832,200	154,138,951	154,216,964	285,028,909	1,439,217,024
2003-04	849,244,667	124,590,160	155,115,512	285,714,285	1,414,664,624
2004-05	926,602,083	126,941,705	117,124,590	399,712,852	1,570,381,230
2005-06	929,194,800	118,025,410	176,400,688	361,479,667	1,585,100,565
2006-07	1,122,108,000	117,351,944	142,128,758	365,796,979	1,747,385,681
2007-08	1,145,283,664	124,658,770	129,341,114	324,304,640	1,723,588,188
2008-09	1,338,397,100	127,665,229	119,046,593	308,044,862	1,893,153,784
2009-10	1,357,143,000	113,630,555	140,866,828	344,073,128	1,955,713,511
2010-11	1,359,317,374	128,089,039	142,657,510	344,073,128	1,974,137,051
2011-12	1,363,521,300	129,530,486	179,111,467	344,749,605	2,016,912,858
2012-13	1,304,592,500	122,695,512	131,032,392	331,805,550	1,890,125,954
2013-14	1,319,919,500	108,045,354	154,636,072	351,556,622	1,934,157,548

(1) Real estate is assessed at 100% of appraisal value.

(2) Public Utility Assessed values are established by the State Corporation Commission. Includes both real and personal property.



City of Hopewell, Virginia						Exb. 7
Property Tax Rates <sup>(1)</sup>						
			Machinery	Public Utility		
Fiscal	Real	Personal	and	Real	Personal	
Year	Estate(3)	Property(2)	Tools	Estate	Property	
1995-96	1.19	3.05	3.03	1.19	3.05	
1996-97	1.14	3.05	3.03	1.14	3.05	
1997-98	1.14	3.05	3.03	1.14	3.05	
1998-99	1.14	3.05	3.03	1.14	3.05	
1999-00	1.14	3.05	3.03	1.14	3.05	
2000-01	1.12	3.05	3.03	1.12	3.05	
2001-02	1.12	3.05	3.03	1.12	3.05	
2002-03	1.20	3.05	3.05	1.20	3.05	
2003-04	1.20	3.05	3.05	1.20	3.05	
2004-05	1.20	3.05	3.05	1.20	3.05	
2005-06	1.20	3.05	3.05	1.20	3.05	
2006-07	1.09	3.05	3.05	1.09	3.05	
2007-08	1.09	3.05	3.05	1.09	3.05	
2008-09	0.96	3.05	3.05	0.96	3.05	
2009-10	0.99	3.50	3.05	0.99	3.05	
2010-11	0.99	3.50	3.05	0.99	3.50	
2011-12	1.02	3.50	3.05	1.02	3.50	
2012-13	1.02	3.50	3.05	1.02	3.50	
2013-14	1.08	3.50	3.05	1.02	3.50	
2014-15	1.11	3.50	3.05	1.02	3.50	
(1) Per \$100 of assessed value.						
(2) Personal property taxes are applied to the National Automobile Dealers Association (NADA) loan value.						
(3) Real Estate tax rate of \$1.11 includes 3rd of 3 , \$0.03 rate increase for High School Debt.						

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**GLOSSARY OF BUDGET TERMINOLOGY  
for the CITY of HOPEWELL**

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**ACTION PLAN:** Short-term and long-term goals for each program designed to improve efficiency and effectiveness in service delivery to the taxpayer.

**AD VALOREM TAXES:** A tax based on value (i.e., a property tax).

**APPROPRIATION:** A legal authorization granted by the legislative body to make expenditures and incur obligations for specific purposes; this authorization is limited to the length of the fiscal year, except for capital projects which are limited to the completion of the project.

**ASSESSED VALUATION:** A valuation upon real estate and certain other taxable items of personal property (i.e., vehicles, equipment and machinery and tools used for business purposes) by the City as the basis for levying property taxes.

**AUDIT:** An independent evaluation of the accuracy of the City's financial statements, financial practices, and internal controls designed to ensure compliance with generally accepted accounting principles. Audits are conducted annually in accordance with GAAP and Virginia state code.

**BASE BUDGET:** The funding needed to provide exactly the same level of services as provided in the preceding year.

**BOND:** A written obligation issued by the City as a method of borrowing large amounts of monies for capital needs; bonds are issued for fixed terms and can have either fixed or variable interest rates.

**BONDED DEBT:** The city's debt represented by outstanding bonds due to bondholders and literary loans due to the State.

**CAPITAL OUTLAY:** Expenditure resulting in a replacement for or an addition to the City's general fixed assets; for fixed asset control and budget purposes, any expenditure with a dollar cost of \$1,000 or more.

**CAPITAL PROJECT:** A project financed in whole or in part by the proceeds of bonds, or in "cash" and/or a project involving the construction or acquisition of a capital asset. Capital projects are ordinarily funded using appropriations from the Capital Projects Fund which are designed to last through the duration of the project.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** A report which sets out the financial position of the City and outlines the financial effect of the previous year's operations in conformity with GAAP.

**CONTINGENCY:** Funds set aside in the operating budget to handle unanticipated expenditures over the course of the fiscal year; transfers from this account require the specific authorization of the City Council.

**COST OF LIVING ADJUSTMENT:** A fixed adjustment to each range/step of the classification and pay plan for the City; usually tied to an increase in the cost of living. The amount could either be a percentage amount of a fixed dollar amount; usually a percentage amount is used.

**DEBT LIMIT:** The maximum amount of outstanding debt permitted by law.

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**DEBT SERVICE:** Funds required for principle and interest payments on outstanding debt.

**DECISION PACKAGES:** Proposals by departments for programs or projects which were not part of the prior year's budget. Funding is subject to review by the City Manager and the City Council.

**EXPENDITURE:** Depletion of financial resources to pay the City's personnel services, Professional services, operating and maintenance, capital outlay, or debt service.

**FINANCIAL PLAN:** The document describing the City short and long-term goals, programs and departments, budget assumptions and estimates for both revenues and expenditures used for the budget development.

**FISCAL YEAR:** A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operation. The city's fiscal year is July 1 - June 30.

**FIXED ASSETS:** Long-lived tangible assets obtained or controlled as a result of past transactions, including land, buildings, improvements other than buildings and equipment with an acquisition cost of \$1,000 or greater.

**FULL-TIME EMPLOYEE:** A city employee who works a minimum of 37 1/2 hours per week on a continuing basis and is eligible to participate in the City's fringe benefits package.

**FUND:** A set of financial accounts whose resources are equal to its liabilities plus equity.

**FUND BALANCE:** The difference between fund assets and fund liabilities of governmental and similar trust funds.

**FUND BALANCE UNDESIGNATED UN-APPROPRIATED:** That portion of the fund balance that is not legally segregated for a specific future use; available for appropriation at any time by the legislative body.

**LEVY:** (1) Verb: To impose taxes, special assessments or service charges for the support of government activities. (2) Noun: The total amount of taxes, special assessments or service charges imposed by the government.

**OPERATING BUDGET:** Plans of current expenditures and the proposed means of financing them; the annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of the City are controlled.

**PART-TIME EMPLOYEE:** A city employee who works less than a minimum of 37 1/2 hours per week and is not eligible to participate in the City's fringe benefits package.

**PERFORMANCE MEASURES:** Descriptions of a program's effectiveness or efficiency.

**PROGRAM:** A specific activity of a department/function which is separately budgeted and monitored.

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**RETAINED EARNINGS:** The equity account that shows the accumulated earnings of the Enterprise Fund.

**TAX RATE:** The amount of tax stated in terms of a unit of the tax base (i.e., \$1.12 per 100 dollars of assessed valuation of taxable real estate property).

**TRANSFER:** The movement of cash or other resources between funds.

**USER FEE:** Charges to those who voluntarily receive governmental services or use governmental facilities. These charges may or may not be designed to recover the full cost associated with providing the service.

**WORKLOAD INDICATORS:** Descriptions of the type and quantity of work assignments handled by a department/program.

Source: Government Finance Officers Association. Governmental Accounting, Auditing and Financial Reporting 1994.

## BUDGET RESOLUTION



BUDGET RESOLUTION

FISCAL YEAR 2014-15

WHEREAS, at the meeting of the City Council of the City of Hopewell held on May 27, 2014 a budget of the estimated revenues and expenditures for the fiscal year beginning July 1, 201, and ending June 30, 2015, showing the expenditures of the preceding year, the amount appropriated for the current year, and the proposed expenditures for the ensuing twelve months was introduced in its complete form; of which \$90,841,200 is estimated to be received from sources other than property tax levies, leaving a balance to be raised by levies on property segregated to the city for local taxes of \$28,194,700 and,

WHEREAS, a tax rate sufficient to raise the last mentioned sum has been levied by ordinance of the City Council of the City of Hopewell; and,

WHEREAS, in this budget approved by City Council there are estimates of revenues used for appropriated expenditures to pay for said city services, and when said estimated revenues are projected by the City Manager to be less than the amount of appropriated expenditures, the City Manager shall initiate action to adjust appropriated expenditures to agree with revised estimated revenues. The City Manager is directed to advise City Council, at the next scheduled meeting, of the adjustments made and City Council may amend said adjustments or offer alternatives as the appropriating body; and,

WHEREAS, an annual statement of revenues, borrowing, disbursements, assets, liabilities, and surplus of the city, and an itemized and complete balance sheet for the city as of June 30, 2013 been introduced to the City Council of the City of Hopewell as required by law; BE IT, HEREBY, RESOLVED by the City Council of the City of Hopewell:

Sec. 1 The following designated funds and accounts shall be appropriated from the designated revenues to operate city services and to provide a capital improvement program for the city:

General Fund-011:

Estimated Revenues:

From Local Sources

General Property Taxes .....	\$28,194,700
Other Local Taxes .....	5,867,000
Licenses, Permits, Fees.....	86,500
Fines & Forfeitures.....	1,701,800
Use of Money/Property .....	47,000
In-Lieu of Taxes .....	1,261,100
Other Local Revenues .....	600,300

From Other Agencies

State Sources .....	6,316,500
Federal Sources .....	318,600

Transfers & Fund Balance

Transfer from Self-Insurance-076 .....	0
Cost Recovery from Solid Waste-030.....	502,000
Cost Recovery from Sewer Services-031 .....	382,500
Use of Fund Balance .....	779,000

Total Revenues .....	\$46,057,000
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Appropriations:

Legislative: .....	
City Council.....	\$111,000
City Clerk .....	68,000
City Attorney .....	189,000
Constitutional/Courts:.....	
Clerk of Circuit Court.....	302,000
Commonwealth Attorney .....	447,000
Commissioner of Revenue .....	330,000
City Treasurer .....	336,000
Electoral Board/Registrar .....	140,000
City Sheriff .....	1,154,000
Circuit Court.....	73,000
General District Court .....	60,000
Court Services .....	7,000
VJCCCA Grant.....	152,000
Crater Detention Center.....	252,000
Riverside Regional Jail.....	2,453,000
Administration:.....	
City Manager .....	330,000
InterGovernment Affairs .....	93,000
Human Resources .....	279,000
Finance .....	1,277,000
Development.....	725,000
Police .....	5,676,000
Vitim-Witness Grant .....	114,000
Fire.....	3,044,000
Public Works .....	3,916,000
Health .....	212,000
Outside Agencies.....	1,484,000
Non-Departmental .....	4,920,000
Operating Transfers/Contingency .....	<u>17,913,000</u>
Total General Fund .....	\$46,057,000

Social Services Fund-012:

Estimated Revenues:	
From State Sources.....	\$1,163,100

From Federal Sources.....	2,061,200
Transfer from General Fund-011 .....	591,700
Use of Surplus .....	<u>0</u>
Total Revenues .....	\$3,816,000

Appropriations:

Administration.....	0
Public Assistance.....	318,000
Purchased Services .....	200,000
Eligibility.....	1,838,000
Services .....	1,448,000
Cooling Assistance .....	0
Pass-Thru Program .....	0
Foster Home .....	4,000
Day Care Staff .....	1,000
Quality Day Care.....	7,000
Contingency-Raises-Health ins. ....	<u>-0-</u>
Total Social Services Fund.....	\$3,816,000

Community Services Act Fund-015:

Estimated Revenues:

Client Fees .....	\$0
From State Sources.....	2,205,900
Transfer from General Fund-011 .....	<u>784,100</u>
Total Revenues .....	\$2,990,000

Appropriations:

Administration.....	118,400
Direct Services .....	<u>2,871,600</u>
Total Community Services Act Fund.....	\$2,990,000

Recreation Fund-035:

Estimated Revenues:

Fees & Charges .....	\$277,700
Transfer from General Fund-011 .....	1,302,700
Use of Surplus .....	<u>80,600</u>
Total Revenues .....	\$1,661,000

Appropriations:

Recreation Center Div .....	558,500
Community Div .....	109,200

Athletics Div.....	155,100
Seniors Div .....	142,200
Pool Div.....	209,500
Parks Div .....	418,500
Grants .....	<u>68,000</u>
Total Recreation Fund .....	\$1,661,000

Harbor Fund-038:

Estimated Revenues:

Rental	\$ 14,400
Use of Surplus .....	<u>0</u>
Total Revenues .....	\$ 14,400

Appropriations:

Insurance	\$ 5,000
Contingency	<u>9,400</u>
Total Harbor Fund .....	\$ 14,400

Anti-Litter Fund-053:

Estimated Revenues:

From State Sources.....	\$5,000
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Appropriations:

Operating Expenses .....	\$5,000
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Self Insurance Fund-076:

Estimated Revenues:

Interest Income .....	\$2,000
Misc Income .....	0
Use of Surplus .....	<u>288,000</u>
Total Revenues .....	\$290,000

Appropriations:

Property/Liability Insurance Premiums.....	280,000
Insurance Claims/Deductibles .....	10,000
Transfer to General Fund-011 .....	0
Transfer to Capital Projects Fund-071 .....	<u>0</u>
Total Self Insurance Fund .....	\$290,000

Cemetery Fund-003:

Estimated Revenues:

Interest Income .....	\$ 1,500
Grave Site Sales.....	10,000
Use of Surplus .....	<u>23,500</u>
Total Revenues .....	\$ 35,000

Appropriations:

Repairs.....	2,500
Grass Cutting.....	27,000
Miscellaneous .....	5,500
Capital Expansion Project .....	<u>0</u>
Total Cemetery Fund.....	\$ 35,000

School Operating Fund-014:

Estimated Revenues:

Beginning Fund Balance .....	\$0
From State Sources.....	24,657,400
From Federal Sources.....	5,238,600
Other Revenues .....	2,900,000
Transfer from Other Funds-011/030 .....	13,100,000
Transfer from School Bldg/Bus Replacement Fund-063 .....	-0-
Transfer from Capital Projects Fund-071 .....	<u>1,648,000</u>
Total Revenues .....	\$47,544,000

Appropriations:

Non-Categorical .....	44,425,000
Debt Service .....	2,699,000
Transfer to Text Book Fund-056.....	0
Transfer to Bldg/Bus Replacement Fund-063 .....	<u>420,000</u>
Total School Operating Fund .....	\$47,544,000

School Textbook Fund-056:

Estimated Revenues:

From State Sources.....	\$292,700
Interest Income .....	2,000
Transfer from Operating Fund-014 .....	0
Use of Surplus .....	<u>355,300</u>
Total Revenues .....	\$650,000

Appropriations:

Text Book Purchases .....	650,000
Fund Balance .....	<u>0</u>
Total School Textbook Fund .....	\$650,000

School Cafeteria Fund-057:

Estimated Revenues:

From State Sources .....	\$47,800
From Federal Sources .....	1,524,500
School Food Fees .....	521,800
Interest Income .....	900
Use of Surplus .....	<u>1,000,000</u>
Total Revenues .....	\$3,095,000

Appropriations:

Operating Expenses .....	3,095,000
End Balance .....	<u>0</u>
Total School Cafeteria Fund.....	\$3,095,000

School Bldg/Bus Replacement Fund-063:

Estimated Revenues:

From State Sources .....	\$0
Transfer from School Operating Fund-014 .....	420,000
Use of Bond Proceeds .....	0
Use of Surplus .....	<u>190,000</u>
Total Revenues .....	\$ 610,000

Appropriations:

Transfer to Operating Fund-014 for Debt Service .....	420,000
Capital Outlay.....	190,000
Fund Balance .....	<u>0</u>
Total School Bldg/Bus Replacement Fund .....	\$ 610,000

Solid Waste Fund-030:

Estimated Revenues:

Fees & Charges .....	\$2,124,000
Convenience Center Fees .....	0
Use of Surplus .....	<u>0</u>
Total Revenues .....	\$2,124,000

Appropriations:

Curb-Side Pickup .....	1,856,000
Convenience Center .....	206,000
Transfer to Other Funds-011/014 .....	<u>62,000</u>
Total Solid Waste Fund.....	\$2,124,000

Sewer System Revenue Fund-040:

Estimated Revenues:

Charges for Services .....	\$5,716,000
HRWTF Admin Fee .....	0
Interest Income .....	0
Transfer-Sewer System Revenue Fund-031 .....	<u>0</u>
Total Revenues .....	\$5,716,000

Appropriations:

Transfer to Sewer System Operating Fund-041 .....	4,088,000
Transfer to Sewer System Imprv/Redemp Fund-042 .....	-0-
Transfer to Sewer System Bond Fund-043 .....	<u>1,628,000</u>
Total Sewer System Revenue Fund .....	\$5,716,000

Sewer System Operating Fund-041:

Estimated Revenues:

Transfer f/ Sewer System Revenue Fund-040 .....	\$4,088,000
Use of Surplus .....	<u>2,209,000</u>
	\$6,297,000

Appropriations:

Storm Water Div .....	81,000
Maintenance & Inspections .....	961,000
City Pump Stations .....	3,255,000
Capital .....	<u>2,000,000</u>
Total Sewer System Operating Fund .....	\$6,297,000

Sewer System Imprv/Redemp Fund-042:

Estimated Revenues:

Transfer f/ Sewer Services Fund-031 .....	\$0
Transfer f/ Sewer System Revenue Fund-040 .....	<u>0</u>
Total Revenues .....	\$-0-

Appropriations:

Transfer to Reserve Account Fund-042 .....	0
Capital Construction .....	<u>0</u>
Total Sewer System Imprv/Redemp Fund .....	-0-

Sewer System Bond Fund-043:

Estimated Revenues:

Transfer f/ Sewer System Revenue Fund-040 .....	\$1,628,000
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Appropriations:

Bond Principle .....	\$ 475,000
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Bond Interest .....	<u>1,153,000</u>
Total Sewer System Bond Fund .....	\$1,628,000

HRWTF Fund-032:

Estimated Revenues:

Industrial User Charges .....	\$13,095,000
City User Charges .....	1,632,000
Debt Service Charges .....	<u>1,352,000</u>
Total Revenues .....	\$16,079,000

Appropriations:

Operating Expenses .....	\$16,079,000
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Capital Projects Fund-071:

Estimated Revenues:

Meals Tax .....	\$1,800,000
Lodging Tax .....	750,000
HRWTF Admin Fee .....	125,000
Social Services Bldg. Amortization .....	180,500
Interest Income .....	10,000
Transfer from General Fund-011 .....	1,334,500
Transfer from General Fund I-295\$ .....	800,000
Transfer from Self Insurance Fund-076 .....	0
Use of Surplus .....	<u>0</u>
Total Revenues .....	\$5,000,000

Appropriations:

Debt Service .....	3,772,000
Debt Service Fees .....	5,000
Capital Projects:	
Servers, PC and Other Equipment.....	50,000
Sheriff Vehicle .....	30,000
Public Works Equipment.....	162,000
Street Lighting.....	20,000
Pavement Mgt. Program.....	350,000
Code New Plotter .....	25,000
Code Chapter 18 Violations .....	25,000
Code Demolition Bldgs. ....	50,000
Sheriff Vehicle .....	30,000
Police Vehicles/Equipment .....	199,000



Fire Vehicle .....	32,000
Recreation Heating Coil .....	13,000
Recreation Community Center Roof .....	75,000
Recreation Exercise Equipment Replacement .....	10,000
Recreation Shelter Roofs to Metal .....	20,000
Recreation Van Purchase Match (2).....	24,000
Recreation Lifeguard Stand Replacement .....	16,000
Recreation Marquee Sign .....	15,000
Recreation Furniture Replacement .....	2,000
Treasurer Office Printer.....	5,000
 Downtown Partnership .....	 <u>70,000</u>
 Sub-total Capital Projects .....	 <u>\$1,223,000</u>
 Total Debt/Capital Projects Fund .....	 \$5,000,000

Sec. 2 Constitutional Officers and respective Constitutional Office employees shall receive the position salary approved by the Virginia Compensation Board or granted by the Virginia General Assembly. No Constitutional Officer shall be compensated for any vacation, sick, holiday, jury service, military leave, funeral leave or other paid time-off granted regular city employees.

Sec. 3 Appropriations in addition to those contained in the general appropriation resolution may be made by the City Council only if there is available in the fund an unencumbered and un-appropriated sum sufficient to meet such appropriation.

Sec. 4 Except as set forth in Sections 7, 14, 16, 17, 18, and 19 the City Manager may, as provided herein, authorize the transfer of any unencumbered balance or portion thereof from one classification of expenditure to another within the same department or appropriation function/category. The City Manager may transfer up to \$25,000 from the unencumbered balance of the appropriation of one appropriation function/category to another appropriation function/category. No more than one transfer may be made for the same item causing the need for a transfer, unless the total amount to be transferred for the item does not exceed \$25,000.

Sec. 5 The City Manager may increase appropriations for the following items of non-budgetary revenue that may occur during the fiscal year:

- a. Insurance recoveries received for damage to city vehicles or other property for which city funds have been expended to make repairs.
- b. Refunds or reimbursements made to the city for which the city has expended funds directly related to that refund or reimbursement.
- c. Any revenue source not to exceed \$25,000.

- Sec. 6 All outstanding encumbrances, both operating and capital, at June 30, 2014 shall be re-appropriated to the 2014-15 fiscal year to the same department and account for which they are encumbered in the previous year.
- Sec. 7 At the close of the fiscal year, all unencumbered appropriations lapse for budget items other than Capital Projects, reserves, grants, and donations restricted to specific purposes.
- Sec. 8 Appropriations designated for capital projects will not lapse at the end of the fiscal year but shall remain appropriations until the completion of the projects or until the City Council, by appropriate ordinance or resolution, changes or eliminates the appropriation. The City Manager may approve necessary accounting transfers between funds to enable the capital projects to be accounted for in the correct manner. Upon completion of a capital project, staff is authorized to close out the projects and transfer to the funding source any remaining balances. This section applies to all existing appropriations for Capital Projects at June 30, 2014 and appropriations in the 2014-15 budget year. The City Manager may approve construction change orders to contracts up to an increase of \$25,000 and approve all change orders for reductions to contracts.
- Sec. 9 The City Manager may authorize the transfer of Sewer Services Capital Projects funds that are 20% or up to \$100,000 of the original project cost, whichever is less, from any Sewer Services Capital Project to any other Sewer Services Capital Project or to the original funding source. Should the actual contract price for a project be significantly (over \$100,000) less than the appropriation, the City Manager may approve transfer of excess funds to the funding source prior to completion of the project.
- Sec. 10 The City Manager is hereby authorized and directed to apply for and accept all city eligible grants which require no local match money to receive without further City Council action.
- City Manager is further authorized to apply for and accept eligible grants of \$50,000 or less and with up to fifty (50) percent or less of the total dollar grant amount match requirement. City Manager is authorized to use current budget appropriated funds towards any local match required.
- Any grant application/award greater than \$50,000 must first be approved by City Council prior to the city administration making application.
- The City Manager is hereby authorized to sign and execute all necessary documents for the acceptance of any city grant approved by the City Council.
- Sec. 11 That the approval by the City Council of any grant of funds to the city constitutes the appropriation of both the revenue to be received from the grant and the city's expenditure required by the terms of the grant, if any. The appropriation of grant funds will not lapse at the end of the fiscal year, but shall remain appropriated until completion of the project or until the City Council, by appropriate resolution, changes or eliminates the appropriation. The City Manager may reduce any grant appropriation to the level approved by the granting agency during the fiscal year. The City Manager may approve necessary accounting transfers between accounts to enable the grant to be accounted for in the correct manner. Upon completion of a grant project, staff is authorized to close out the grant and transfer back to the funding

source any unspent remaining balances. This applies to appropriations for grants outstanding at June 30, 2014 and appropriations in the 2014-15 budget year.

Sec. 12 The City Manager may appropriate both revenue and expenditure for donations made by citizens or citizen groups in support of city programs. Any remaining unencumbered balance of a restricted donation at the end of the fiscal year will be re-appropriated into the subsequent fiscal year for the same purpose.

Sec. 13 The City Manager may reduce revenue and expenditure appropriations related to programs funded all or in part by the Commonwealth of Virginia and/or the federal government to the level approved by the responsible state or federal agency.

Sec. 14 The Director of Finance is authorized to make transfers to the various operating funds for which there are transfers budgeted. The Director shall transfer funds only as needed up to amounts budgeted, or in accordance with any existing bond resolutions that specify the manner in which transfer are to be made.

Sec. 15 The City Treasurer may advance monies to and from the various funds of the city to allow maximum cash flow efficiency. The advances must not violate city bond covenants or other legal restrictions that would prohibit an advance.

Sec. 16 The City Manager is authorized to make expenditures from Trust & Agency Funds for the specified reasons for which the funds were established. In no case shall the expenditure exceed the available balance in the fund.

Sec. 17 The City Manager may appropriate revenues and increase expenditures for funds received by the city from asset forfeitures for operating expenditures directly related to drug enforcement. This applies to funds currently on-hand at June 30, 2014, and all funds received in the 2014-15 budget year.

The outstanding balance of these funds at June 30, 2014 shall not lapse but be carried forward into the next fiscal year.

Sec. 18 After completion of all necessary audit transactions for the General Fund, the City Manager may at his discretion, increase appropriations or authorize transfers of existing appropriation at June 30 as follows:

Subsequent to all audit adjustments and the ending general fund balance is maintained at maximum of 10% of general fund expenditures, transfer all available current year operation funds to the undesignated fund balance of the Capital Projects Fund for future capital projects.

At year-end, any budgeted Fire Department appropriations in excess of actual expenditures for the year shall be transferred to a reserve account for future fire equipment purchases. This applies to funds on-hand at June 30, 2014, and all funds received in the 2014-15 budget year.

Sec. 19 The City Manager is authorized to reallocate funding sources for Capital Projects, arbitrage rebates/penalties, and debt services payments and to appropriate bond interest earning to minimize arbitrage rebates/penalties. This authority would include the appropriation of transfers among funds to accomplish such reallocation. Budgets for specific Capital Projects will not be increased beyond the level authorized by sections 4 and 5.

This applies to funds currently on-hand in FY 13-14 and all funds received in the FY 2014-15 budget year.

- Sec. 20 The City Manager is authorized to transfer among appropriation categories any amount of funds associated with implementation of the implementation of the VJCCCA Grant to record transactions.
- Sec. 21 The City Manager is authorized to transfer among appropriation categories any amount of monies associated with implementation of the Comprehensive Services Act for at-risk youth and families, but the local city match appropriation shall be reduced to the amount required to match the original state approved budget. Any supplemental budget request for funding shall be presented to city council for appropriation.
- Sec. 22 The City Manager is authorized to disburse state Four-For-Life Program funding to the Hopewell Emergency Crew for authorized expenditures or to disburse funds between the Hopewell Emergency Crew and the Hopewell Bureau of Fire, all in the best interest of providing emergency services to Hopewell. Amount of funds authorized to be disbursed shall not exceed the state funding award.
- Sec. 23 The City Manager is authorized to transfer among appropriation categories any amount of monies associated with implementation of the Department of Social Services budget for services, but the local city match appropriation shall be reduced to the amount required to match the original state approved budget. Any supplemental budget request for funding shall be presented to city council for appropriation.
- Sec. 24 Effective upon adoption of this resolution, the City Manager is authorized to approve transfers within operating funds as long as total net spending is not exceeded, and all transfer activity is to be reported to City Council on a monthly basis.
- Sec. 25 The City Manager is hereby authorized to reassign or reallocate any full-time authorized position within the authorized fund complement of positions to a lower or higher grade after the City Classification and Compensation Committee have approved the job evaluation and recommended to the City Manager their respective action. This authority is not to be construed as giving the City Manager authority to create or increase the authorized full-time city work force, City Council reserves to itself the authority to increase or decrease the authorized full-time employee positions.
- Sec. 26 Effective July 1, 2014 upon adoption of this resolution, the following will be the City share of health care cost:

Active Employees:

	<u>OA High City Amount</u>	<u>OA Low City Amount</u>	<u>HSA PLAN City Amount</u>
Emp Single per month	\$ 597.33	\$ 616.59	\$407.36
Emp + Dep(s) per month	917.56	944.60	602.78
Emp + Spouse per month	1,119.56	1,157.03	788.43
Emp + Family per month	1,357.65	1,407.87	963.43

Retirees hired before 7/1/03 retiring before 1/1/04:

	<u>OA High City Amount</u>	<u>OA Low City Amount</u>	<u>HSA PLAN City Amount</u>
Ret Single per month	\$ 533.80	\$ 537.96	\$320.28
Ret + Dep(s) per month	612.33	614.07	367.40
Ret + Spouse per month	947.97	950.33	568.78
Ret + Family per month	1,112.45	1,115.48	667.47

Retirees hired before 7/1/03 retiring before 1/1/04 (with work related disability):

	<u>OA High City Amount</u>	<u>OA Low City Amount</u>	<u>HSA PLAN City Amount</u>
Ret Single per month	\$ 497.68	\$ 490.35	n/a
Ret + Dep(s) per month	548.27	540.76	n/a
Ret + Spouse per month	1,021.41	972.98	n/a
Ret + Family per month	1,356.58	1,353.43	n/a

Retirees hired before 7/1/03 retiring after 1/1/04:

	<u>OA High City Amount</u>	<u>OA Low City Amount</u>	<u>HSA PLAN City Amount</u>
Ret Single per month	\$ 553.39	\$ 553.39	\$331.84
Ret + Dep(s) per month	553.39	553.39	331.84
Ret + Spouse per month	553.39	553.39	331.84
Ret + Family per month	553.39	553.39	331.84

Retirees hired before 7/1/03 retiring after 1/1/04 (with work related disability):

	<u>OA High City Amount</u>	<u>OA Low City Amount</u>	<u>HSA PLAN City Amount</u>
Ret Single per month	\$ 513.91	\$ 506.59	n/a
Ret + Dep(s) per month	468.65	461.13	n/a
Ret + Spouse per month	585.04	536.61	n/a
Ret + Family per month	733.85	730.70	n/a

Retirees hired after 7/1/03 and before 7/1/08:

Based on the minimum years of service:

11 - 15 years 40% of current city contribution for single employee;  
 16 - 20 years 60% of current city contribution for single employee;  
 21+ years 80% of current city contribution for single employee.

Retirees hired after 7/1/08:

Based on minimum years of service at the fixed dollar amount as follows:

5 years           \$ 50 per month;  
6 – 10 years   \$ 100 per month;  
11 – 20 years   \$ 150 per month;  
20 years +      \$ 200 per month.

Authorize the city to contract with Ovations Health Group (AARP), or other provider, to provide supplemental health insurance coverage for retiree age 65 or older.

Authorize only a "Carve-Out" city health insurance contribution if retiree is age 65 or older for city contribution for supplemental medical insurance which amount shall not exceed the city contribution amount for an "Active" single city employee premium contribution. Should the retiree choose not to participate in the Medicare Part A and/or B, then the city shall only be obligated to pay a health insurance benefit equal to the "Carve-Out" supplemental health insurance plan.

Retiree age 65 or older retired prior to 12/31/2003 shall be eligible for a health insurance contribution of the "Carve-Out" contribution amount and the city contribution amount to cover dependent(s) up to the city retiree limit for retiree before 1-1-2004, but not to exceed this combined benefit amount.

Further, city retiree reaching 65<sup>th</sup> birthday shall be entitled only the medical supplemental insurance premium and Medicare Part D drug premium determined by the city's insurance provider of record, for any health insurance coverage paid by the city, effective July 1, 2014. City shall not be obligated to provide health insurance under its regular health insurance group for any retiree who fails or refuses to enroll in Medicare health insurance, as part of their Social Security benefits.

Under no circumstances shall the city health premium share paid for medical supplemental insurance and Medicare Part D drug premium exceed: the city health premium share for a single active employee for any retiree hired prior to July 1, 2003 and retired after January 1, 2004; the city health premium percentage share for a single active employee for any retiree hired after July 1, 2003, but prior to July 1, 2008; and the city health premium share shall be a fixed two hundred dollars (\$200.00) per month for any retiree hired after July 1, 2008.

Any city retiree eligible for VRS health insurance credit shall have the city health insurance contribution reduced by a dollar amount equal to the VRS eligible health insurance credit amount. The Virginia Retirement System health insurance credit shall be calculated by an amount equal to \$1.50, or current rate approved by VRS, times the years of service with a maximum reduction amount of \$45.00 dollars, or the maximum amount authorized by VRS.

Finance Director is authorized and directed to terminate the health insurance coverage for any retiree who fails to pay the city their respective share of the health insurance premium and who is sixty (60) days delinquent on premium payments. Any retiree who has their insurance coverage terminated for failure to pay their respective share of premium shall not be eligible for re-enrollment until: the delinquent premiums are paid to the city and only at the next open enrollment period.

Sec. 27 City Council authorizes and directs a policy change with respect to employer health insurance plans contributions as of July 1, 2014, the city shall only pay such amount equal to the city contribution share of the premium cost as authorized in Sec.26, above, and any additional insurance coverage costs selected by employee shall be paid by employee by payroll deduction in the month prior to premium due date.

For any employee electing to enroll in the HSA plan of record, the city shall contribute the sum of \$1,300 for single coverage and \$2,600 for family coverage, to be paid monthly into employee HSA account; to include employee and child or employee and spouse, paid the second pay period of each month on the basis of 24 pays per year. If employee is hired before 15<sup>th</sup> of month credit for that month is given, after 15<sup>th</sup> of month no credit and contribution payment shall begin the following month, to the employee HSA established at the city bank of record for HSA accounts.

Sec. 28 City Council authorizes and directs the employee contribution share (5%) of VRS pension contribution rate to be paid by all employees as of July 1, 2014 Employee share of VRS pension contribution shall be deducted on a bi-weekly basis on the assumption of 24 pays per year. Contribution will be effective for the month in which it is deducted. If employee is hired prior to the 15<sup>th</sup> of the month, credit shall be given for the month and the monthly employee contribution shall be deducted, after 15<sup>th</sup> of month VRS deduction and credit shall begin 1<sup>st</sup> day the following month.

Elected Constitutional Officers shall pay the VRS 5% employee contribution on the same basis as city employee.

Sec. 29 City Council authorizes a 2% cost-of living pay increase, across the board, to all full-time employees, including the constitutional office employees. Permanent part-time employees and seasonal part-time employees are not eligible. Elected Constitutional Officers and their employees will receive one 2% cost-of-living increase which may be a combination of state and local funding.

Sec. 30 Amendments made by City Council to original budget set forth in Section 1 are as identified in the following items: